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MONTANA FUTURES PROJECT: REPORT THREE

THE NATIONAL ASSOCIATION OF STATE DEVELOPMENT AGENCIES (NASDA)

NATIONAL CONSULTING SERVICE'S

RECOMMENDATIONS FOR ACTION, POLICY AND PROGRAMS

FOR

THE MONTANA DEPARTMENT OF COMMERCE

MARCH 1993

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The National Association of State Development Agencies was formed in 1946 to provide a forum for directors of state economic development agencies to exchange information, compare programs and establish an organizational base from which to approach the federal government concerning mutual interests. Today, NASDA is a full service trade association, providing a wide range of technical services to its membership. Participants in NASDA include more than forty state development agencies, numerous development specialists at all levels of government, and several dozen private sector interests. Through its National Consulting Service, NASDA has been innovative in responding to member needs, including professional on-site consulting for strategic planning, training, program assessments and other technical assistance services.

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MONTANA FUTURES PROJECT: REPORT THREE

THE NATIONAL ASSOCIATION OF STATE DEVELOPMENT AGENCIES (NASDA) RECOMMENDATIONS FOR ACTION, POLICY AND PROGRAMS

EXECUTIVE SUMMARY

The objective of the Montana Futures Project was to develop a vision and agenda to guide the state's economic future over the next twenty years. The process involved statewide public participation culminating in the development of a statewide vision for Montana's future, goals for reaching that vision, and benchmarks to act as guideposts to measure future progress in achievement. The final aspect of the project entails the recommendations made by the National Association of State Development Agencies, the project consultant, suggesting strategies, actions and programs to enable the state to assist the public in realizing its desired goals and vision.

MONTANA FUTURES PROJECT: REPORT THREE-The National Association of State Development Agencies (NASDA)'s Recommendations for Action, Policy and Programs presents an Action Plan for Progress which includes suggested strategies, actions and programs for reaching the public's goals and vision. This report is presented as a menu from which the incoming administration and legislature can select options for moving in the directions articulated by Montana's citizens in the public response phase of the Montana Futures Project.

The following summary of recommendations and actions may be used by the Montana Department of Commerce to move the state towards its desired goals and vision for the future. It is followed by a "Quick Start Guide" which describes actions which can be taken right away to continue the momentum for change.

SUMMARY OF RECOMMENDATIONS AND ACTIONS

1. From a functional standpoint, the Montana Department of Commerce can assume the following five roles: 1) planning; 2) coordinating and communicating actions; 3) stimulating and catalyzing change; 4) empowering partners rather than creating clients; and 5) using existing resources, both public and private, to achieve results.

2. The state's development role can be shifted from a direct implementor of programs to **act as a catalyst, a convener and a meeting facilitator**, organizing and bringing together local citizens and leaders throughout a region to develop solutions to their own problems. As a catalyst, state level policy makers and program managers can mobilize key local participants to initiate action.

3. The Department can mobilize local citizens toward action through the following: *offering seminars* or overviews about available technical assistance options at the local

level; *convening town meetings or regional forums* to discuss particular issues or topics of common interest; *acting as a facilitator* among state and local resource providers by bringing sources of expertise together; or *"seeding" locally based incentives*, such as community based revolving loan funds, regionalized "risk capital" funds, or underwriting private-sector sponsored economic development actions.

4. The long-term planning efforts should be designed to engage the imagination of Montana's citizens on a **continual** basis. Thus, the type of statewide, public, participatory process initiated this past year should be incorporated as part of a continual planning process. The process design would enable constant adjustments to be made and communicated by to the local communities.

5. Montana's long-term statewide economic development and competitiveness strategies should assure that local communities are involved in the following ways:

   - Encourage a grass-roots, locally-driven community development strategy that builds local capacity, including strategic planning, and encourages cooperation among communities, based upon their common economic region or common industries. Promoting regional strategies can bring communities into collaboration.

   - To familiarize Montana's Commerce Department program and policy staff with the needs of the communities and rural participants they serve, the training program for state program administrators and staff should **require on-site visits to communities** in every region of the state. Until staff have actually visited a particular community or area, it is often difficult for them to garner the perspective and understanding of the rural program participant.

6. Montana's remote areas and localities and disenfranchised communities can be brought together through the use of sub-state regional approaches which **promote regional unity**. Critical problems and concerns can be addressed by using "hub cities" or representative councils of governments. The Department can assist local leaders and sponsors to hold regional unity meetings in various geographic regions, bringing together local community leaders who have encountered similar issues and "worked through" the process and can tell their stories from direct experience.

7. Montana has many internal resources and strengths which can be capitalized upon to provide new job opportunities for its citizens. A key strategy is to create highly-specialized facilities or institutes to continually build upon the advantages Montana has for retaining specific industrial sectors, such as recreational or outdoor products, mining technology, agricultural technology and specialty crops, to name a few.

   To expand upon a specific example, Montana could target its industrial recruitment to the businesses and industries serving the environmental protection and clean-up

sectors. Appropriate incentives such as jobs tax credits and employee training assistance grants could be offered along with the benefits of a "world class" environmental laboratory and Environmental Management Research Institute.

a. Capitalize upon Montana's quality environment by positioning Montana to become the site of a "world class" **environmental laboratory** to conduct research, studies and commercialize new technologies in all aspects of environmental protection and controls including:
   1). Pollution control and cleanup technologies;
   2). International environmental cleanup policy;
   3). Development and environmental carrying capacities;
   4). Environmental planning;
   5). Environmental engineering;
   6). Waste management;
   7). Alternative uses of energy technologies (i.e. oil, gas, coal, other)
   8). Specialty equipment/handling development;
   9). Software development;
   10). Assembly/manufacturing processors;
   11). Other appropriate disciplines.

b. **Partner universities'** business management, marketing and business development **expertise to market** Montana's environmental expertise to companies, universities, foreign countries and the United States.

c. Capitalize upon Montana's **highly educated population** as the primary labor force to support new environmentally-related business opportunities, technology-related firms and manufacturing technologies.

d. Capitalize upon the **expertise of Montana's International Trade Group** to help the Institute and environmental firms market the environmental technologies, equipment, services, research capabilities and technical assistance expertise to other countries.

e. **Attract and promote expansions** of other "clean" high technology sectors including biotechnologies, value-added agri-businesses and food processors, computer technologies, operations research technologies, scientific research and applications in office and factory automation and telecommunications technology.

8. Build upon **tourism development efforts** promoting a winter-sports tourism strategy targeted at high school seniors, public and private university students and vocational, technical and private business college students.

9. Partner the winter-sports strategy with a summer tourism strategy targeted to members of the American Association for Retired Citizens (AARP), privately operated retirement communities such those located in Sun City, Arizona and Miami, Florida, and special bank programs which give special service amenities to customers over 55 years of age.

10. The Montana Department of Commerce could coordinate and sponsor a special technical assistance and training program for those communities which seek to position themselves as primary retirement attraction locations. This program would incorporate far more than information concerning advertising and promotion, and would cover topics such as developing positive citizen attitudes toward older adults, promoting volunteerism and personal contributions, planning for special amenities and facilities, how to involve the private sector, and how to plan for and establish appropriate recreational opportunities, etc.

11. The Montana Department of Commerce can also offer considerable incentives to local communities for the **development of physical infrastructure**, such as roads, bridges, water and filtration systems, sewer systems, community health and safety facilities. States can provide not only low cost or leveraged revolving funds for infrastructure, but can assist communities by sponsoring local seminars about how to 1) identify needs for structural improvements, 2) how to locate potential sources of financing, 3) how to evaluate appropriate financing resources for the particular community, 4) how to leverage existing programs and work with private-sector financiers such as banks, investment houses, and insurers to obtain the best "pricing" available for the community.

12. Promote amenities of "***Small Town***" affordable living to **self-employed or small operations** of 8 to 10 people whose companies are not "location dependent" and can flourish with access to telecommunications, video networks, computer information and satellite technologies. Strong professional candidates include, consultants, writers, illustrators, artists, engineers, designers, software developers and programmers, information management, telemarketing and direct mail services.

13. Recommend using new federal highway funds for planning support structures for tourism development, business development, community development and historic preservation initiatives.

14. Montana is uniquely positioned to **explore ways in which government can encourage the development of cutting edge environmental technologies which contribute to the improvement of rural environmental conditions and enhance business development in rural areas.** Through the Department's active support and leadership the state can establish innovative active partnerships between rural communities, governmental officials and environmental technology firms involved in research, development and product commercialization to achieve tangible outcomes

(i.e. business transactions, infrastructure development, etc.) in the form of new business development for environmental technologies.

15. Use the current Butte Pit Superfund Site as a hands-on laboratory to develop new technologies, train employees, undertake research and experiment with new ways to cleanup hazard wastes.

16. Create an Environmental Management Research Institute having the mission to become a global "state of the art" **environmental "think tank"** structured as a 501(C)3 foundation with ownership vested in the public and private universities that have environmental programs.

    a. Encourage the legislature to pass legislation creating the Environmental Management Research Institute and granting the Institute several hundred acres of land to be the **Institute campus**. The site should also provide sufficient space for environmentally-oriented businesses and industries which will want to situate near the Institute.

    b. Obtain **seed funding** from the state's businesses and industries which profit the most from strong economic development activities including, banks, construction companies, real estate companies, utilities and environmentally-related firms.

    c. Have the Institute **procure grants, study contracts and research awards** from the Federal government, foreign governments, United Nations, private businesses and industries and public and private foundations. Tap the U.S. Environmental Protection Agency, the Agency for International Development, the U.S. Department of Education, the National Institute of Science and Technology and the soon-to-be-enacted Manufacturing Technologies Program for contracts to develop and export environmental expertise, products, services and technologies.

17. Market Montana as a **Federal agency office site** for the Environmental Protection Agency.

18. The industrial recruitment strategy should target existing smaller, high technology firms of ten employees or less from other states. These targeted firms would be those who could benefit from the value-added offered to them from the focused environmental research and technology efforts offered through the "world class" environmental laboratory and the Environmental Management Research Institute. The industrial recruitment strategy should also enhance and maintain statewide efforts to encourage existing Montana firms to develop new product lines, expand existing markets and customers, and spin-off new or complementary enterprises which would generate additional good paying, quality jobs.

19. Encourage a business-driven modernization strategy for the state's major industries by facilitating the creation of--or adaptation of existing--business institutions that provide members with services they need to increase their competitiveness.

20. Encourage the creation of flexible "policy clusters" among federal, state, and local governments and other institutions to overcome the barriers presented by agency rivalries.

21. Consider establishing criteria of distress--unemployment and underemployment rates, AFDC caseload, adult illiteracy, per capita income, health statistics, etc.--for targeted assistance by direct state programs.

22. Sustainability of Department programs and policies needs to be guided by a sensitivity to the existing business community, its timelines, needs and operating climate and demand for **confidence** over the long-term. Recommendations, policies, programs and follow-up should be designed to maintain the trust, respect and faith of the private sector in both the short run and the longer term. Thus, the policy makers should refrain from "redefining the world" every two or four years. However, once "defined," the goals, objectives, actions and timelines should be sustained and supported by both policy makers and program managers, until clear evidence has been gathered that changes are needed.

23. Eligibility criteria and program regulations can be better defined to **reflect the goals and objectives of individual programs**. Where programs are *directly targeted* toward rural communities or participants, appropriate matches can be made to consider eligibility constraints (i.e. smaller resident populations, dollars available for matching, anticipated results and application windows).

    Where *not directly targeted*, eligibility criteria should be designed to enable broad participation and separate "pots" of money should be designated to accomplish specific development goals.

24. It is important that the Department maintain an active role in **redefining rural economic development** to distinguish between agricultural and non-agricultural activities. It can no longer be stated that rural development is equal to agricultural development. As the state's primary economic development agency, the Department can take the lead position in clarifying and distinguishing the different needs, goals and policies for these differing "rural" activities.

25. The State of Montana has a firmly rooted presence in Kumamoto and Tokyo, Japan: Alberta, Canada and Taipei, Taiwan. This presence has provided an opening wedge for expanding Montana exports of goods and services to these markets. The Department should build upon this success by reviewing in detail the performance of each office, drawing on the experience gained to determine whether resources are best

used by continuing current efforts, redesigning services, or redirecting trade efforts to new and different markets.

26. Montana's existing capability to deliver programs and services can be enhanced and expanded through the creation of **intra-state mechanisms for networking, liaison and coalition-building and program delivery**. The Department may consider using the following options:

- establishing regionally-based offices throughout the state;
- linking privately sponsored organizations and quasi-public agencies, such as the Ambassadors and the utility companies, into networks working as partners with the state;
- networking similar firms and/or service delivery providers together for specific tasks or roles;
- promoting public-private partnerships at the local, county, regional and state levels.

27. The use of flexible networks and producer networks is beneficial to some types of industries located in Montana. Micro-businesses, entrepreneurs and small firms realize certain benefits from carefully targeted "network" activities that bring firms in the same industry together to undertake special projects and solve particular concerns that can be tackled better by working together rather than separately. However, the Department needs to carefully balance such efforts with other free-market initiatives which promote competitiveness to avoid intentional or unintentional price fixing, anti-trust violations and the exclusion of certain key industry sectors which are prevented by law or size from participating in such networks.

28. Place greater emphasis on training and marketing efforts to promote the Bureau of Indian Affairs (BIA) Financial Assistance Programs, including the:
    - Indian Revolving Loan Fund;
    - Loan Guaranty Fund; and,
    - Indian Business Development Grant Fund.

29. The Department could establish a Fastrack Loan Guarantee Program modeled after that used by South Dakota to encourage minority high school students to become entrepreneurs. The program encourages high school students in grades 9 through 12 to participate in the program by 1) developing an idea for a small business; 2) preparing and fine tuning a business plan with assistance from local advisors; 3) completing a Fastrack Loan Application; 4) meeting with a local bank to apply for a loan; and 5) submitting the final business plan for consideration of a Fastrack loan guarantee. Loans secured through local banks would be guaranteed through the

Fastrack Program. Guarantees of up to 80 percent or a maximum amount of $2,000 on a bank loan would be provided to a high school student starting a business.

30. Review the menu of State Programs for Minority Business Development provided as an appendix item by the National Association of State Development Agencies which would complement existing minority development programs and enhance business development opportunities for minorities and women-owned businesses in Montana.

31. The Department of Commerce can collaborate with the Montana Department of Labor and Industry to take the lead role in **arranging and organizing job training resources**. Together, these agencies can bring together and unite available federal, state and local training resources and providers. The Montana Department of Commerce can not only identify and classify the available resources, but also act as a link between other federal, state and local incentives, training locations and facilities, and program personnel.

32. To remain competitive, the Department may want to consider **periodically surveying and re-evaluating the methods** it uses to deliver services. The agency can look for opportunities to implement ways of delivering services that are best for a particular locality or area, matching what is the most effective process for the specific community's needs. For example, one midwestern state offered all of its services from the capitol city until it discovered that a regionalized approach met with greater success in meeting the needs of rural residents.

Methods that have met with success and beneficial results in other states include:

- Using public private partnerships with utility companies and locally based financial institutions to implement business retention and expansion programs;

- Contracting with agencies and private-sector companies to undertake specific roles or actions which are more appropriate to be undertaken at the local community level, i.e. operation of customized job training courses through contracts with the local community college;

- New or creative ways to provide financing including linked deposit programs, loan guarantees, and rebates of specific development costs;

- Enterprising and inventive public-private partnerships that capitalize upon local initiative and leadership while tapping public-sector continuity, stability and commitment.

33. Link Department efforts with other state agencies to promote a focus on human capital as the state's critical competitiveness advantage in a global economy. While

capital and technology can quickly move around the globe, labor is relatively immobile. Together, the linkage between agencies could consider developing a state human capital investment strategy that spans from neonatal care to life-long learning. Actions could focus upon the critical school-to-work transition issues. The state may consider establishing a statewide youth apprenticeship program such as that adopted in Oregon.

34. The Montana Department of Commerce could offer challenge grants, recognition or cash awards for the best business plan to start or relocate a business in Montana. The plan must be presented by a graduate of Montana's post-secondary educational system. The size of the cash award would be of sufficient size (between $10,000 and $40,000, as examples) to enable the prospective entrepreneur to seed actual business implementation efforts (planning, consulting, marketing, equity contribution, equipment purchases, etc.). An alternative award option could involve a phased approach, with the first $10,000 award being directed for planning or other business "start-up purposes" and the follow-on funds being used to assist in the financing for business implementation.

"QUICK START GUIDE"

This brief list of actions offers a Quick Start Guide for the Montana Department of Commerce to begin the process of change. These actions can be initiated immediately to continue the momentum begun last year during the Montana Futures Project.

1. Schedule regional or town meetings throughout the state to present the findings, benchmarks and suggested tactics to Montana's citizens, business leaders, economic development practitioners and public officials.

2. Meet with representatives from Montana's universities, colleges, vocational-technical schools and community colleges to identify "sources of expertise" to be used by local communities, emerging and growth companies and in launching the "world class" environmental laboratory and Environmental Management Research Institute.

3. Sponsor a "Montana Futures Project Summit" to bring together members of the various disciplines (education, health care, environment, public welfare and social services, industry representatives, and public officials) affected by Montana's strategic goals and proposed benchmarks and to showcase the Council for Montana's Future's work and discuss immediate actions and ways to work together to fine-tune benchmarks and develop private-sector tactics to achieve the statewide goals.

4. Organize a meeting of the Presidents or Chancellors of Montana's institutions of higher learning to begin working on establishing a core planning group for the Environmental Management Research Institute.

5. Explore grant funds through the U.S. Department of Education to fund specific educational enrichment demonstration projects.

CONCLUSION

The Montana Department of Commerce is uniquely positioned to assist the citizens of Montana and legislative policy makers to realize their vision for the future. By adopting the suggested recommendations and actions described in this Plan for Progress, Montana can ensure that it is "the last best place" -- economically, environmentally and socially rich with room for each citizen to live their individual dreams.

MONTANA FUTURES PROJECT: REPORT THREE

THE NATIONAL ASSOCIATION OF STATE DEVELOPMENT AGENCIES (NASDA) RECOMMENDATIONS FOR ACTION, POLICY AND PROGRAMS

INTRODUCTION

The objective of the Montana Futures Project was to develop a vision and agenda to guide the state's economic future over the next twenty years. The process involved statewide public participation culminating in the development of a statewide vision for Montana's future, goals for reaching that vision, and benchmarks to act as guideposts to measure future progress in achievement. The final aspect of the project entails the recommendations made by the National Association of State Development Agencies, the project consultant, suggesting strategies, actions and programs to enable the state to assist the public in realizing its desired goals and vision.

In February of 1992, the Governor's Council for Montana's Future, a non-partisan panel of over 20 citizens from all parts of the state and all walks of life, was appointed by former Governor Stan Stephens. Their charge was to prepare a *vision* and *agenda* for the state's economic future, including *goals* for the stewardship and development of Montana's human, natural and industrial resources, and culminating in the recommendation of *statistical benchmarks* to measure progress toward achieving those goals. **MONTANA FUTURES PROJECT: REPORT ONE** summarizes the economic situation analysis presented at the twenty-eight citizen-led town meetings and presents the public response--choices for Montana's future resulting from the town meetings, and random-sample telephone interviews with Montana's citizens. The **MONTANA FUTURES PROJECT: REPORT TWO** stated a vision for Montana's future, and goals for reaching that vision, developed from town meeting and survey responses. The report also defined statistical benchmarks to measure the results Montana is seeking and mark its progress.

MONTANA FUTURES PROJECT: REPORT THREE-The National Association of State Development Agencies (NASDA)'s Recommendations for Action, Policy and Programs presents an Action Plan for Progress which includes suggested strategies, actions and programs for reaching the public's goals and vision. This report is presented as a menu from which the incoming administration and legislature can select options for moving in the directions articulated by Montana's citizens in the public response phase of the Futures Project.

Montana's citizens envision their state as having a future that is economically, environmentally and socially rich, with room for them to live their individual dreams. Montanans are excited about maintaining their state as the "last best place" and are compelled to work toward achievement of this vision.

The goals which describe Montana's future are directly linked to this vision. Montanans seek to 1) assure adequate[1] job opportunities for Montana citizens; 2) develop a comprehensive and equitable tax structure matched by a responsive and responsible government; 3) commit to achieving the greatest common good through consensus about important statewide issues; and 4) maintain a high quality education system. The goals are the first crucial step in developing economic development strategies and tactics. The goals can be viewed as the destination, with strategies and policies acting as the road maps enabling Montanans to reach their desired destination.

The Benchmarks serve as quantitative indicators to measure Montana's progress toward reaching the goals. With broad-based agreement on the benchmarks, the dialogue can begin to develop effective strategies which incorporate the interests and concerns of Montana's diverse constituencies -- private business, local communities, social service providers, public sector agencies and individual citizens. The refinement of the benchmarking indicators will result in reliable tools that are based on regularly available data. The final achievement levels suggested are intended to be ambitious, yet attainable. It is important to recognize that the benchmarks serve as a tool, much like a compass, to make sure the state stays on course. It is important to act immediately toward achieving statewide development actions while the benchmark tools are being put in place.

The purpose of the strategies and tactics is to focus the Montana Department of Commerce toward meaningful, realistic, achievable and measurable actions that will move Montana forward to achieve its desired goals. The strategies are closely linked to the statewide goals but center upon the concrete and tangible actions, policies and programs that the Department can accomplish as a contribution toward fulfilling the State's goals.

Functions of the Department

The Montana Department of Commerce was created in 1981 under Title 2, Section 15, Part 18, MCA. The functions of the Department include: fostering the development of the state's economy through the provision of technical assistance, business financing and economic development planning. In addition, the Department's local government assistance, public safety and business regulatory functions ensure an effective balance between the state's need for economic development and the desire to protect the public health and safety.

The aim of Montana's economic development actions is to establish a place that is economically, environmentally and socially rich, with room for Montanans to live their individual dreams. The public participation process made it very clear that Montanans want

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1 "adequate" opportunities are understood to include environmental compatibility and sustainability.

to preserve their present quality of life and their heritage and values, while choosing new opportunities for economic growth and prosperity.

The following Action Plan for Progress offers a menu of actions which the Department of Commerce can implement to help achieve the statewide goals. The menu of actions are matched to the statewide goals generated through the public participation process in terms of the specific actions that the Department of Commerce may take to assist in goal achievement. Thus, this plan deals specifically with Goal 1, "assure adequate job opportunities for Montana citizens" and specific sub-goals within Goal 3 and Goal 4 where the Department can make a direct contribution to effect change.

ACTION PLAN FOR PROGRESS

GOAL I: ASSURE QUALITY JOB OPPORTUNITIES FOR OUR CITIZENS.

1. STIMULATE SUSTAINED QUALITY EMPLOYMENT GROWTH ALONG WITH STRUCTURED LONG-TERM ECONOMIC DEVELOPMENT.

Strategy 1. ACT AS THE LEAD STATE AGENCY TO PLAN FOR, GUIDE AND FACILITATE FUTURE DEVELOPMENT ACTIONS.

Discussion:

The Montana Department of Commerce is uniquely positioned as the State's lead economic development agency to marshall the resources and expertise to lead the changes that need to occur. Rather than investing all of its resources, time and energy in creating, sustaining and directly providing goods and services to client businesses and communities, the Department can best direct its efforts toward "steering new courses" for change. New directions can be charted by the Department's actions in leading, looking ahead to assist in creating new visions, assembling resources and catalyzing community-wide actions.

From a functional standpoint, the Montana Department of Commerce can assume the following five roles: 1) planning; 2) coordinating and communicating actions; 3) stimulating and catalyzing change; 4) empowering partners rather than creating clients; and 5) using existing resources, both public and private, to achieve results.

The state's development role can be shifted from a direct implementor of programs to that of **a catalyst, a convener and a meeting facilitator**, organizing and bringing together local citizens and leaders throughout a region to develop solutions to their own problems. As a catalyst, state level policy makers and program managers can mobilize key local participants to initiate action. This can be accomplished in a variety of ways: offering seminars or overviews about available technical assistance options at the local level;

convening town meetings or regional forums to discuss particular issues or topics of common interest; acting as a facilitator among state and local resource providers by bringing sources of expertise together; or "seeding" locally based incentives, such as community based revolving loan funds, regionalized "risk capital" funds, or underwriting private-sector sponsored economic development actions.

Tactics:

1. Redirect the role of the Department to act as a catalyst and facilitator to mobilize and use local participation in long-term strategic planning, project development and implementation.

   The Montana Commerce Department could:
   a. Act as the *Convener* for meetings where local citizens are in charge.
   b. Act as a *Consultant* to local communities to help local citizens select appropriate projects and develop implementation plans to realize successful outcomes.
   c. Offer limited amounts of seed money to local communities for planning projects.
   d. Act as a *Facilitator* to local communities - identifying successes in communities which could help other communities undergoing similar experiences learn how they were successful in realizing their goals and how project planning is done.
   e. Build upon public-private and community partnerships. There is already a strong precedent for these linkages between several Montana organizations and agencies.
   f. Promote regional and substate partnerships to achieve mutual goals.
   g. Help communities turn perceived obstacles into development strengths.

2. The State may wish to consider the creation of a permanent, quasi-public strategic planning organization to assure long-term planning for state economic development. Montana's long-term strategy to compete in the global economy could be stalled by the election and budget cycles, the fracturing of complicated broad policy issues by the legislative committee structure, and the traditional use of narrow categorical programs.

3. Focus efforts on efficiency -- maximizing the use of existing Department resources and programs to meet current and emerging needs before developing new, less affordable initiatives.

4. Call upon the private sector to underwrite or augment existing program resources and participate directly in implementation actions.

5. Review existing programs and policies to identify areas that could be changed to better reflect the goals and objectives of Montana's citizens in order to encourage broader participation and greater confidence in state actions.

6. Undertake initiatives to improve coordination and communication and reduce duplication of effort among development programs at all levels of government. Support the private sector in its efforts to do likewise in privately initiated and sponsored development actions.

7. Recommend that the Legislature create permanent economic development committees that continue to meet between the biennial sessions, either in each chamber or jointly, to provide a focus for studying and debating policy and considering legislation. By developing greater staff and legislative expertise, the legislature will play a more informed role in policy making.

Strategy 2. ENSURE THAT MONTANA CITIZENS SET THEIR OWN DEVELOPMENT PRIORITIES THROUGH LOCAL PARTICIPATION IN PLANNING AND IMPLEMENTING DEVELOPMENT ACTIONS.

Discussion:

Montana's strength lies in the skills, values and commitment of its citizens. Thus, Montana's parameters for economic development must be determined by the values set by its citizens and the decisions and choices they make regarding their future.

The long-term planning efforts should be designed to engage the imagination of Montana's citizens on a continual basis. Thus, the type of statewide, public, participatory process initiated this past year should be incorporated as part of a continual planning process. The process design would enable constant adjustments to be made and communicated among the local communities.

The Department of Commerce could assist local organizers to hold periodic town meetings. Using periodic town meetings, the organizational desires, planning cycles and identification of major local concerns of the individual local communities could be integrated into discussions involving larger statewide development needs and recommendations. The state could encourage all communities interested in holding a town meeting to do so within each two-year legislative cycle. Local organizers would establish the agenda items, with participative coordination from the state about issues of statewide importance. For example, an agenda goal for the next series of community meetings could be to look at the findings from the Montana Futures Project. Did the Council's interpretation of what citizens said they wanted truly reflect their actual needs and wants?

Montana's long-term statewide economic development and competitiveness strategies should assure that local communities are involved in the following ways:

- Encourage a grass-roots, locally-driven community development strategy that builds local capacity, including strategic planning, and encourages cooperation among communities, based upon their common economic region or common industries. Promoting regional strategies can bring communities into collaboration.

- To familiarize Montana's Commerce Department program and policy staff with the needs of the communities and rural participants they serve, the training program for state program administrators and staff should **require on-site visits to communities** in every region of a state. Until staff have actually visited a particular community or area, it is often difficult for them to garner the perspective and understanding of the rural program participant. One of the greatest attributes of the U.S.D.A.'s cooperative extension program is the in-depth knowledge and understanding that agents have for the areas which they serve -- this is because they are located there and know the people they serve.

Tactics:

1. Facilitate local determinism through a continual public participation process including community meetings, statewide opinion polls and random-sample surveys. Continue to assure that local input and advice is maintained for locally-driven, "not top-down" new initiatives and projects. Promote only those actions that will result in outcomes which meet citizens' goals.

2. In each Montana locality, promote and support citizen-led organization and establishment of ongoing partnerships and cooperative relationships among local community organizations, groups and constituencies having mutual goals and expectations for results.

3. Support the creation of regionally based partnerships between communities, public sector agencies, private businesses, service providers and development practitioners to build consensus and work towards successful outcomes about issues affecting the whole region. Build upon existing regional networks and provider systems rather than "recreating the wheel."

Strategy 3. PROMOTE REGIONAL UNITY AMONG LOCAL COMMUNITIES AND RURAL AREAS THROUGH INTERDIVISIONAL AND MULTIDISCIPLINARY TEAMS OF STATE AND LOCAL EXPERTISE.

Discussion:

Montana's remote areas and localities and disenfranchised communities can be brought together through the use of sub-state regional approaches which **promote regional unity**. Critical problems and concerns can be addressed by using "hub cities" or representative councils of governments. The Department can assist local leaders and sponsors to hold regional unity meetings in various geographic regions, bringing together local community leaders who have encountered similar issues and "worked through" the process and can tell their stories from direct experience.

For example, both Billings and Butte have recently organized and completed community-wide economic development planning efforts. Each community has been successful in mobilizing citizen support and action for clearly identified new actions to enhance local development efforts. These successful planning and implementation efforts can be shared with other Montana communities by encouraging individuals who were directly involved in the Butte and Billings planning efforts to act as volunteer consultants to other communities. Sharing information, exchanging stories and advice about the obstacles and successes experienced during the course of the project will have greater benefits to other communities seeking to effect positive change than having a "state program manager" give the same information. Citizens will listen and hear what other citizens say.

Tactics:

1. Assign economic development teams drawn from the private sector and various divisions and Departments of the State, (Business Development, Travel Montana, Local Government Assistance, Education, Natural Resources and Conservation, Public Welfare, etc.) to work directly with communities and businesses in each of Montana's regions.

2. Once established, the regional teams would offer leadership, education and information to help communities manage, direct and implement development efforts.

3. Using established local community professional and community expertise, these teams would assist other less experienced communities to develop and implement retention and expansion programs to aid existing firms.

Strategy 4. FOCUS STATE AND LOCAL ATTENTION ON USING MORE CREATIVE WAYS AND MORE CAREFULLY TARGETED MEANS TO:

A. RETAIN AND EXPAND EXISTING BUSINESSES;

B. RECRUIT OUTSIDE BUSINESSES AND INVESTMENTS; AND,

C. STIMULATE, SUPPORT AND ENCOURAGE ENTREPRENEURIAL ACTIVITY.

Discussion:

Montana has many internal resources and strengths which can be capitalized on to provide new job opportunities for its citizens. A key strategy is to create highly-specialized facilities or institutes to continually build upon the advantages Montana has for retaining specific industrial sectors, such as recreational or outdoor products, mining technology, agricultural technology and specialty crops, to name a few.

To expand upon a specific example, Montana could target its industrial recruitment to the businesses and industries serving the environmental protection and clean-up sectors. Appropriate incentives such as jobs tax credits and employee training assistance grants could be offered along with the benefits of a "world class" environmental laboratory and Environmental Management Research Institute.

As the world turns more toward environmental protection and cleanup actions, there will be enormous opportunities for Montana. The following results can be predicted from the development of both a "world class" environmental laboratory and Environmental Management Research Institute:

1. Millions of dollars will be infused into the state for study and research projects.

2. New high tech jobs will be created by technology transfer and the commercialization of research outcomes and products created within the Institute.

3. Private businesses and industries will come to the state to be near an environmental center of excellence. The companies will provide jobs and an enhanced tax base for the state. The firms will also add to the critical mass of environmental firms, which will lead to the attraction and start-up of more service businesses and support companies of all kinds.

4. Since most companies that are leaders in environmental studies, research, engineering, design and product manufacturing are relatively small, the economic growth resulting from the Institute should be high quality and manageable.

5. The Institute will draw the universities closer together as they share management responsibility and benefits of a successful operation.

6. The state will develop a reputation as being the "seat of learning for environmental affairs." No other state has positioned itself as a growth center for environmental protection.

7. State-of-the art procedures and processes can be applied in Montana as part of the research effort. Montana can become a learning laboratory bringing researchers and experts to the center from throughout the world. This will have a subsidiary benefit of stimulating Montana's travel industry.

The key to this strategy lies in getting both the public and private sectors interested in the Institute as the keystone of Montana's future economic development strategy. The Governor and the Director of Commerce can present this recommendation to the legislature and the university system as a pivotal strategy for their accomplishment within the next four years. More specific actions to implement this tactic are detailed under the discussion of Goal 1, #2, on page 23 of this report.

The Montana Department of Commerce can also offer considerable incentives to local communities for the **development of physical infrastructure**, such as roads, bridges, water and filtration systems, sewer systems, community health and safety facilities. States can provide not only low cost or leveraged revolving funds for infrastructure, but can assist communities by sponsoring local seminars about how to 1) identify needs for structural improvements, 2) how to locate potential sources of financing, 3) how to evaluate appropriate financing resources for the particular community, 4) how to leverage existing programs and work with private-sector financiers such as banks, investment houses, and insurers to obtain the best "pricing" available for the community.

Tactics:

1. Focus recruitment, retention and expansion efforts towards high technology and environmental-related sectors that would conduct research, complete studies, research, develop and commercialize new technologies.

    a. Capitalize upon Montana's quality environment by positioning Montana to become the site of a "world class" **environmental laboratory** to conduct research, studies and commercialize new technologies in all aspects of environmental protection and controls including:
        1). Pollution control and cleanup technologies;
        2). International environmental cleanup policy;
        3). Development and environmental carrying capacities;
        4). Environmental planning;
        5). Environmental engineering;
        6). Waste management;
        7). Alternative uses of energy technologies (i.e. oil, gas, coal, other)
        8). Specialty equipment/handling development;
        9). Software development;
        10). Assembly/manufacturing processors;
        11). Other appropriate disciplines.

b. **Partner universities'** business management, marketing and business development **expertise to market** Montana's environmental expertise to companies, universities, foreign countries and the United States.

c. Capitalize upon Montana's **highly educated population** as the primary labor force to support new environmentally-related business opportunities, technology-related firms and manufacturing technologies.

d. Capitalize upon the **expertise of Montana's International Trade Group** to help the Institute and environmental firms market the environmental technologies, equipment, services, research capabilities and technical assistance expertise to other countries.

e. **Attract and promote expansions** of other "clean" high technology sectors including biotechnologies, value-added agri-businesses and food processors, computer technologies, operations research technologies, scientific research and applications in office and factory automation and telecommunications technology.

2. Build upon **tourism development efforts** promoting a winter-sports tourism strategy targeted at high school seniors, public and private university students and vocational, technical and private business college students.

Young people, especially graduating high school seniors and university students, are avidly involved in winter sports of all types. They have the physical capacity to withstand and enjoy colder climates and more rugged and remote facilities than older adults. This group also has considerable "free time" during Montana's peak winter sports season in the form of term or semester breaks, winter vacation (normally December through February), and spring breaks during which universities often offer formalized group ski trips.

While older adults often desire to "get quickly to their destination," young people more often view "getting there" to be as much of the adventure as the actual destination. Thus, young people would be more tolerant of the inevitable travel delays experienced by Montana's unpredictable and changing winter weather patterns.

3. Partner the winter-sports strategy with a summer tourism strategy targeted to members of the American Association for Retired Citizens (AARP), privately operated retirement communities such those located in Sun City, Arizona, and Miami, Florida, and special bank programs which give special service amenities to customers over 55 years of age.

4. The Montana Department of Commerce could coordinate and sponsor a special technical assistance and training program for those communities which seek to position themselves as primary retirement attraction locations. This program would incorporate far more than information concerning advertising and promotion, and

would cover topics such as developing positive citizen attitudes toward older adults, promoting volunteerism and personal contributions, planning for special amenities and facilities, how to involve the private sector, and how to plan for and establish appropriate recreational opportunities, etc.

All successful retirement attraction programs require four unique elements for success: Attitudes, Amenities, Recreation, and Private Sector Support.

A community that successfully attracts older Americans from other areas to its location holds an aggressively *positive* ***attitude*** about the creativity, essential contributions and intrinsic value of individuals who happen to have chronological ages of over 55 years. Communities see these individuals as useful, vibrant, contributing members of its community and express this attitude through creatively using the vast resources of these more mature segments of their population. Rather than relegating "senior citizens" to positions and places of obscurity and inactivity, successful retirement attraction sites, capitalize upon volunteer and shared job opportunities to access the wisdom, creativity, energy and excitement of "older americans".

Even in the **language** used to identify this target population, successful communities refrain from tagging people as "senior citizens, golden agers, elderly, sunset clubbers, blue hairs, old fogies, and young at heart". Instead, people over the age of 55 are referred to as "mature, more mature, older and retired persons". Through experience, citizens in these communities have learned that the regard, respect and general attitudes that local citizens have for individuals over age 55 can easily be determined by newcomers in what they are called in promotional and marketing materials and in every day conversation.

The community attitudes toward older Americans is also evident in the manner and extent to which **volunteerism and personal contributions** are structured into the daily activities of retirement communities. Because older Americans are "retiring from" some activity, they need to be encouraged to "retire into" other areas of activity, including community service, personal growth and development, recreational pursuits and local political activism. Communities that provide clear options for mature adults to "retire to" these endeavors command a much greater locational advantage than areas which have no opportunities for volunteer and personal contribution. Public-private partnerships form an effective vehicle to promote direct contributions of mature adults through "mentor programs", tutoring opportunities, day care and home care, Retired Service Volunteer Programs and outreach to business, industry, education, social service agencies and the public sector, non-paid technical assistance consulting and contributed services to local municipalities, to cite only a few examples.

A retirement attraction strategy also needs to encompass the host of **special amenities** which are directed towards the needs of older citizens. Thus, a community must have sufficient affordably priced and adequately constructed housing stock (homes should be

easily accessible with wider entrances, ramps or level walkways rather than stairs, and covered carports or garages, etc); low property taxes; affordable and reliable transportation options (local bus service, taxies, airlines, trains and buses); financial and professional services (banks, savings and loans, brokerage and financial planning offices, accounting, legal and insurance services); and, health care services (hospitals, Health Management Organizations, dental clinics, rehabilitation services, and comprehensive outpatient rehabilitation and evaluation (CORE) services). In addition, physical elements of a community must be enhanced to accommodate older adults. These include curb-cuts and lower curbs, sufficient handicapped accessible parking spaces, adequate benches and seating facilities, railings, handicapped accessible restrooms, ramps, and special options for the visually and hearing impaired.

In addition to facilities to support an active lifestyle, communities need to offer special amenities for individuals who become temporarily or permanently handicapped. Special area transit services and specially equipped vans, Meals on Wheels, assisted living facilities and complete skilled care facilities are just a few examples of the types of special amenities which must be contemplated by a community seeking to attract older adults.

A critical component for communities seeking to recruit older adults needs to center upon **recreational activities**. Live sporting events (football, basketball, baseball, hockey and college sports) golf courses, swimming pools, bowling alleys, exercise tracks, weight rooms, lawn bowling, racquetball, tennis, square dancing, ballroom dancing, private or public lakes for fishing and boating and hunting are all recreational facilities used by older adults. In addition, the community needs libraries, community education centers, colleges or universities, fine arts and performing arts centers where individuals can continue educational pursuits, learn new things and pursue new outlets for personal growth and development.

The **private sector** must be actively involved in any recruitment strategy focused toward older adults. The commitment of developers, financiers, investors, businesses, the health care community, educational providers and social service organizations is extremely important to a successful recruitment effort. Grocery stores need to be willing to stock the special foods enjoyed by older adults from a variety of regional and ethnic backgrounds. Developers need to be willing to design and construct living and shopping areas compatible to the lifestyles and capabilities of older persons. Retailers need to understand and train their personnel on how to market, cater to and build upon the preferences of their more mature customers.

Finally, community leaders and citizens need to understand the unique perspectives and goals of older adults whom they seek to attract to their communities. These citizens will seek out places where taxes are low, cost-of-living is stable, and where leaders are "time" sensitive. Since most older adults have realized the value of time, they expect meetings to begin on time, governments to act to achieve results in a fairly immediate

fashion, and other institutions and public sector agencies to function to affordable serve their needs.

3. Promote amenities of "***Small Town***" affordable living to **self-employed or small operations** of 8 to 10 people whose companies are not "location dependent" and can flourish with access to telecommunications, video networks, computer information and satellite technologies. Strong professional candidates include, consultants, writers, illustrators, artists, engineers, designers, software developers and programmers, and information management, telemarketing and direct mail services.

4. Incorporate new federal highway funds into planning and support structures for tourism development, business development, community development and historic preservation initiatives.

2. MAINTAIN A BALANCE BETWEEN DIVERSIFIED ECONOMIC DEVELOPMENT, A SUSTAINABLE ENVIRONMENT AND QUALITY OF LIFE.

Strategy 1. PROMOTE SUSTAINING A QUALITY ENVIRONMENT AS AN OPPORTUNITY TO ACHIEVE GREATER DIVERSITY AND SUCCESS IN ECONOMIC DEVELOPMENT ACTIONS.

Discussion:

Montana is uniquely positioned to **explore ways in which government can encourage the development of cutting edge environmental technologies which contribute to the improvement of rural environmental conditions and enhance business development in rural areas.** Montana's quality natural environment and its strong citizen support for maintaining a sustainable environment and excellent quality of life provide the underlying foundation for the Department to focus business development efforts upon environmental protection. Through the Department's active support and leadership, the state can establish innovative active partnerships between rural communities, governmental officials and environmental technology firms involved in research, development and product commercialization to achieve tangible outcomes (i.e. business transactions, infrastructure development, etc.) in the form of new business development for environmental technologies.

For example, a clear opportunity for the development or fine tuning of environmental technologies exists in Butte. The Anaconda Copper Mine Pit, the state's largest superfund site, has long been perceived as an obstacle, problem or hindrance within the community, yet it has the potential to become a viable economic development tool.

Although Butte, with a total population of 37,205 including surrounding communities, has recently turned this site into a tourism attraction, we believe the environmental hazard

offers some unique economic development and job creation opportunities for the community and the state. Through united action, the legislature and the Department could bring the appropriate companies, public officials, non-governmental organizations, business leaders and environmental researchers together to create a Center for Environmental Clean-up, a real world laboratory where firms could research, test and perfect marketable technologies. Assisted by Montana's state university system, the Montana Science and Technology Alliance (offering research, development, seed and venture funds for emerging technologies and commercialization), and a host of small environmental technology firms already located in Montana, the Center could offer a site to develop new technologies, market existing technologies to other communities throughout the country who are involved in "clean-up" of superfund or environmentally hazardous sites, and actually become directly involved in the clean-up of the Butte Pit.

The Center for Environmental Clean-up, coupled with the "world class" environmental laboratory and Environmental Management Research Institute would bring together local and state governmental officials, environmentalists and the business developers -- groups that historically have seen their goals as mutually exclusive. The center could establish a new client base for environmental technologies: states involved in the clean-up of superfund sites. The technologies developed through Montana's university centers of excellence would have a greater potential for commercialization and access to markets. Butte could control its own environmental and economic destiny while developing real solutions for its clean-up problems and accomplish a final outcome of creating new jobs and industries for the rural communities in its proximity. A legitimate expectation for this successful demonstration project would be that new firms involved in clean-up of streams, air, land, and hazardous chemicals would locate in and around the Center to benefit from its research and laboratory opportunities. (Other expectations for an environmental protection strategy in business recruitment are listed on page 19, above).

Tactics:

1. Use current Butte Pit Superfund Site as a hands-on laboratory to develop new technologies, train employees, undertake research and experiment with new ways to cleanup hazard wastes.

2. Create an Environmental Management Research Institute having the mission to become a global "state of the art" **environmental "think tank"** structured as a 501(C)3 foundation with ownership vested in the public and private universities that have environmental programs.

    a. Encourage the legislature to pass legislation creating the Environmental Management Research Institute and granting the Institute several hundred acres of land to be the **Institute campus**. The site should also provide sufficient space for environmentally-oriented businesses and industries which will want to situate near the Institute.

b. Obtain **seed funding** from the state's businesses and industries which profit the most from strong economic development activities including, banks, construction companies, real estate companies, utilities and environmentally-related firms.

c. Have the Institute **procure grants, study contracts and research awards** from the Federal government, foreign governments, United Nations, private businesses and industries and public and private foundations. Tap the U.S. Environmental Protection Agency, the Agency for International Development, the U.S. Department of Education, the National Institute of Science and Technology and the soon-to-be-enacted Manufacturing Technologies Program for contracts to develop and export environmental expertise, products, services and technologies.

3. Market Montana as a **Federal agency office site** for the Environmental Protection Agency.

Strategy 2. BALANCE THE HIGHLY FOCUSED INDUSTRIAL RECRUITMENT STRATEGY WITH ACTIONS TO PROMOTE NEW INTERNAL JOB CREATION, EXPANSION AND NEW PRODUCT DEVELOPMENT.

Discussion:

Montana's citizens made it very clear that they desire a careful balance between quality job creation efforts and external recruitment of new residents to the state. For the most part, Montanans were satisfied with the current population size of the state. Therefore, the industrial recruitment strategy should target existing smaller, high technology firms of ten employees or less from other states. These targeted firms would be those who could benefit from the value-added offered to them from the focused environmental research and technology efforts offered through the "world class" environmental laboratory and the Environmental Management Research Institute. The industrial recruitment strategy should also enhance and maintain statewide efforts to encourage existing Montana firms to develop new product lines, expand existing markets and customers, and spin-off new or complementary enterprises which would generate additional good paying, quality jobs.

Because of the global nature of business, it would be a terrible mistake to entirely suspend industrial recruitment efforts. In fact, Montana's future depends upon recruiting specific environmentally-related firms to locate close to its Environmental Management Research Institute and Research Laboratory.

External Recruitment Tactics:

1. Focus out-of-state recruitment efforts towards specific target industries (See page 19, Goal 1, Strategy 4, Tactic 1a), using a primary target list of industries and service providers serving environmental protection and clean-up activities. Focus recruitment

toward small operators of 8 to 10 people, entrepreneurs and micro-businesses and early-stage companies.

2. Direct advertising and direct mail promotion efforts on the "Montana Environmental Laboratory" theme and target scientific-high tech businesses. Publications used for the ads might include, Scientific American, National Geographic, computer magazines, environmental magazines, Chief Executive, Inc., and industry-specific magazines, journals and trade association newsletters.

3. Attend environmental and engineering trade shows, symposiums and seminars, providing booths and displays promoting Montana as the world-class center for environmental technology transfer, commercialization and research and development.

Internal development tactics:

1. Target Montana's current universe of environmental technologies, environmental protection and pollution control oriented industries, services and manufacturers offering technical assistance to undertake new product development, expand existing markets and diversify product mix to create new jobs.

2. Facilitate the delivery of expanded services by building consortia among environmental related businesses and offering a centralized location to mobilize existing environmental industry, and related training and research efforts.

3. Investigate the applicability and effectiveness of current incentive programs to support new development efforts and industrial targets. Using results of this investigation, develop recommendations and seek legislative support to update and streamline the Department's incentive programs, eliminating non-effective incentives and creating competent new incentives that reflect the Department's current goals, objectives, strategies and tactics.

3. PROVIDE A FAVORABLE BUSINESS CLIMATE.

Strategy 1. OVERHAUL THE WORKERS' COMPENSATION SYSTEM TO ADEQUATELY AND FAIRLY MEET THE NEEDS OF TAXPAYERS, WORKERS AND BUSINESS.

Strategy 2. SUPPORT SUB-STATE INITIATIVES CURRENTLY UNDERWAY TO EVALUATE FACTORS AFFECTING THE RELATIVE COST OF BUSINESS IN MONTANA (TAX CODES, WORKERS COMPENSATION, UNEMPLOYMENT, HEALTH INSURANCE COSTS, ETC.) AND TAKE APPROPRIATE ACTIONS TO ASSURE COMPETITIVENESS.

Discussion:

Montanans are in virtually unanimous agreement about the need to accomplish strategy 1. Tax and workers' compensation reforms are now underway, with various options now before the Montana legislature. The critical need is for the legislature to enact reforms that will bring effective and meaningful change to the system.

Strategy 3. EXPLORE NEW OPPORTUNITIES AND OPTIONS TO PROMOTE CONTINUAL ECONOMIC COMPETITIVENESS.

Tactics:

1. Encourage a business-driven modernization strategy for the state's major industries by facilitating the creation of--or adaptation of existing--business institutions that provide members with services they need to increase their competitiveness. The Oklahoma Alliance for Manufacturing Excellence and the Oregon Secondary Wood Products Competitiveness Corporation are examples of this approach.

2. Encourage the creation of flexible "policy clusters" among federal, state, and local governments and other institutions to overcome the barriers presented by agency rivalries. A Governor's Workforce Skills Council would be an example. Flexible teams within state agencies may also be necessary to met customer demand and address issues that cut across program and agency lines.

3. Consider establishing criteria of distress--unemployment and underemployment rates, AFDC caseload, adult illiteracy, per capita income, health statistics, etc.--for targeted assistance by direct state programs. (This element addresses the equity side of economic development while the first two elements address the competitiveness side.)

Strategy 4. COORDINATE OUTREACH EFFORTS TO EXISTING MONTANA BUSINESSES.

Discussion:

Sustainability of Department programs and policies needs to be guided by a sensitivity to the existing business community, its timelines, needs and operating climate and demand for confidence over the long-term. Recommendations, policies, programs and follow-up should be designed to maintain the trust, respect and faith of the private sector in both the short run and the longer term. Thus, the policy makers should refrain from "redefining the world" every two or four years. However, once "defined," the goals, objectives, actions and timelines should be sustained and supported by both policy makers and program managers, until clear evidence has been gathered that changes are needed.

Eligibility criteria and program regulations can be better defined to **reflect the goals and objectives of individual programs**. Where programs are *directly targeted* toward rural communities or participants, appropriate matches can be made to consider eligibility constraints (i.e. smaller resident populations, dollars available for matching, anticipated results and application windows).

Where *not directly targeted*, eligibility criteria should be designed to enable broad participation and separate "pots" of money should be designated to accomplish specific development goals. For example, the state might target rural enterprise zones toward relieving specific types of "distress," therefore, the defined activities and critical outcomes expected would need to correspond with the nature of these types of distress and appropriately address the concerns and goals of these "distressed" areas.

It is important that the Department maintain an active role in **redefining rural economic development** to distinguish between agricultural and non-agricultural activities. It can no longer be stated that rural development is equal to agricultural development. As the state's primary economic development agency, the Department can take the lead position in clarifying and distinguishing the different needs, goals and policies for these differing "rural" activities.

Tactics:

1. Continue to use the resources of the Ambassadors, local utilities and development practitioners to maintain a coordinated and sustained statewide industry call program.

2. Develop and use a uniform protocol for identifying and responding to "early warning" indicators from firms that are "at-risk", contemplating relocation away from Montana, or considering labor cut-backs or closure.

3. Use joint state-local "assistance teams" to offer technical assistance to local communities, start-ups, expansions and "at-risk businesses".

4. Research and evaluate the need for a state-wide information system that enables the state and local communities to track development actions, manage prospects and recruitment/retention actions, and manage local development data (available sites, utility rates, etc.).

   Several states have explored and invested in sophisticated networked event and prospect tracking systems to follow development actions, to open lines of communications between all parties involved in the recruitment process and to monitor performance and impacts of state efforts. Niagara Mohawk Power Company invested in a networked software system for the benefit of the both the state and its local development organizations. Arkansas Power and Light developed an extensive

database of site and information regarding prospective development sites within its service areas in Louisiana and Arkansas. Louisiana has plans to bring its local communities on-line to a comprehensive prospect tracking and event management system, ProjecTracIII, which not only offers a database of sites, prospect information and relationships but serves as a tool to monitor individual department performance and accomplishment within the state's lead economic development agency. Such a networked software program would enable the Montana Department of Commerce to monitor and track individual program efforts and impacts including its business financing programs, its international trade office, its science and technology alliance, and its business recruitment and expansion programs. The Department could seek matching funds and donations from utilities, foundations, and business organizations such as the Montana Ambassadors and local chambers of commerce.

4. ENCOURAGE BUSINESS INNOVATION AND TECHNOLOGY GROWTH.

Strategy 1. EXPLORE COST EFFECTIVE WAYS TO EXPAND THE EXPORT OF MONTANA GOODS AND SERVICES TO OTHER NEW INTERNATIONAL MARKETS.

Discussion:

The State of Montana has a firmly rooted presence in Kumamoto and Tokyo, Japan: Alberta Canada and Taipei, Taiwan. This presence has provided an opening wedge for expanding Montana exports of goods and services to these markets. The Department should build upon this success by reviewing in detail the performance of each office, drawing on the experience gained to determine whether resources are best used by continuing current efforts, redesigning services, or redirecting trade efforts to new and different markets.

Tactics:

1. Review, and if necessary, reprogram International Trade Offices in Alberta, Canada; Kumamoto and Tokyo, Japan; and Taipei, Taiwan.

2. If expansion of Montana's International Trade representation is sought, consider sharing the costs of maintaining a contract representative in other countries with one or more states.

3. Consider capitalizing on the new opportunities offered by NAFTA, such as establishing representation in Mexico.

It is less expensive for a state to hire a contracted "in-country" representative than to maintain a "brick and mortar" facility overseas. The contract representative is paid a negotiated fixed fee which may include prorated overhead costs. This allows the state to

avoid costly facility rent and maintenance costs. The representative may be hired on a part-time basis, reducing the state's need to employ a full-time staff. Three midwestern states have recently joined in sharing the costs of maintaining such a representative in Toronto, Canada.

The costs of such a shared state relationship could be borne in two potential ways:

- NASDA, in concert with the U.S. Foreign Commercial Service (US&FCS) of the U.S. Department of Commerce, is currently exploring the possibility of two or more states sharing an overseas contract representative who would be based at an overseas US&FCS post. The Montana Department of Commerce International Trade Office has expressed great interest in the project, and we recommend that this interest be encouraged and supported.

- Montana could work out an agreement with another state's trade agency to share that state's overseas representative on a project-by-project basis, based upon clients' needs as they arise. Under this arrangement, the state avoids the costs of maintaining its own facility overseas and avoids the burden and expense of contracting with its own representative. However, the state still is able to access the overseas representation it needs, when needed.

- To support the "world class" environmental laboratory and Environmental Research Management Institute, target a portion of the state's export and trade development programs on environmental related technologies, goods and services.

To be effectively positioned as a world renowned center of environmental technologies, the state must establish a long-term strategy to target the environmental industries and services for export assistance. Having previously recognized the importance and potential of Montana's growing environmental industry, the International Trade Office's five year plan, already in place, directly targets environmental companies for assistance over the next two years. After two years, this plan will be updated and revised. NASDA recommends supporting the International Trade Office in its planned activities and a continued focus upon environmental industries and services.

4. Provide targeted assistance to existing businesses in developing and expanding export opportunities by monitoring national and international market trends and identifying major growth markets. Use this information to enhance existing screening efforts to scan for those firms that exhibit "export readiness."

5. Continue efforts to explore costs and benefits of participating in the development of the Rocky Mountain Trade Corridor.

6. Continue efforts to re-establish direct air service between Calgary and Montana.

Strategy 2. SUPPORT THE MAINTENANCE AND NEW FORMATION OF EFFECTIVE PARTNERSHIPS WITH LOCAL BUSINESS LEADERS, SUCH AS THE MONTANA AMBASSADORS, TRANSPORTATION AND UTILITY COMPANIES, TO HANDLE PROSPECTS FROM THE FIRST INQUIRY THROUGH THE SITE LOCATION PROCESS.

Montana's existing capability to deliver programs and services can be enhanced and expanded through the creation of **intra-state mechanisms for networking, liaison and coalition-building and program delivery**. The Department may consider using the following options:

- establishing regionally-based offices throughout the state;
- linking privately sponsored organizations and quasi-public agencies, such as the Ambassadors and the utility companies, into networks working as partners with the state;
- networking similar firms and/or service delivery providers together for specific tasks or roles;
- promoting public-private partnerships at the local, county, regional and state levels.

One of the best ways to shape the future of Montana would be to organize partnerships composed of representatives from the public and private sector into a coherent, coordinate team effort. Montana has established a strong precedent for these types of partnerships through organizations such as the Montana Ambassadors and the Montana Competitiveness Initiative which can serve as models for local community action. Such effectively organized public-private partnerships could help to overcome an existing tendency toward fractionalization, discord and duplication by reducing the number of organizations and groups being formed to address every new initiative for every individual locality.

Potential public/private partnerships may include: formalized programs shared among local communities and Montana's utilities; direct participation from the energy sector including mining, natural gas producers, and other energy processes; local banks and regional banks; the construction industry; real estate companies; etc. The composition of the partnerships may vary, but the ultimate objectives would be the same: coordination and cooperation toward achieving mutually beneficial and common economic development goals.

Private companies such as local utilities, developers and financiers, could assist communities to identify potential development sites, analyze competitive locational strengths and weaknesses of an area, and provide seed funding for specific development projects. Public organizations, such as not-for-profit development groups, could organize citizen groups for effective action; communicate and market programs to prospective businesses and entrepreneurs; and assist local government and community citizens to

understand the larger picture, using training seminars, town meetings and leadership development projects, to enable greater development results to be accomplished.

The Department of Commerce can provide significant support to public/private partnerships by helping them focus on the areas where active participation will provide the greatest results. Examples of direct support include monetary donations; visionary leadership; training and consulting support; marketing strategies, materials design and publication; and recruitment actions. The Department's support, whether legislatively authorized or accomplished through internal policy directives, would capitalize on using existing resources and promote those development actions which have the greatest impact on Montana's economy.

Strategy 3. INCORPORATE RECOMMENDATIONS OF THE MONTANA COMPETITIVENESS INITIATIVE AIMED AT STIMULATING COLLABORATIVE NETWORKS AS A PART OF THE DEPARTMENT'S SUB-PROGRAM OF ITS EXISTING INDUSTRY PROGRAM.

Discussion:

The use of flexible networks and producer networks can be beneficial to some types of industries located in Montana. Micro-businesses, entrepreneurs and small firms realize certain benefits from carefully targeted "network" activities that bring firms in the same industry together to undertake special projects and solve particular concerns that can be tackled better by working together rather than separately. However, the Department needs to carefully balance such efforts with other free-market initiatives which promote competitiveness to avoid intentional or unintentional price fixing, anti-trust violations and the exclusion of certain key industry sectors which are prevented by law or size from participating in such networks.

Excited proponents of producer networks often fail to recognize that this strategy is not the answer for all industry sectors and when inappropriately managed, these strategies can have a negative impact upon competition, prices and job growth. Thus, networking activities should be carefully targeted toward those projects which can effect the greatest benefit for the broadest number of participants. Certain demonstration projects may be selected for priority attention, such as developing a directory of all firms within a specific industry segment to be used for specific marketing, export promotion and the identification feeder industries or suppliers. Efforts which involve gaining greater economies of scale or obtaining larger levels of resources to penetrate new national and international markets may have direct applicability for flexible networking.

While the Department may consider developing specific financing or technical assistance programs for encouraging the development of producer networks, public officials, citizens

and business leaders should be educated about how to avoid inappropriate uses of networks and problems with the federal/state anti-trust laws.

Strategy 4. PROMOTE THE EFFECTIVE USE OF ENTERPRISE ZONES, FREE TRADE ZONES, AND ENVIRONMENTAL ZONES FOR DEVELOPMENT.

Discussion: The Department of Commerce can assist local communities identify how and when to use enterprise zones, free trade zones and environmental zones to enhance local development objectives. Each zone has particular and unique benefits which can be targeted toward meeting the particular and special growth needs of individual communities.

GOAL III: ACHIEVE THE GREATEST COMMON GOOD THROUGH CONSENSUS ABOUT IMPORTANT STATEWIDE ISSUES.

Note: Sub-goals 1 through 3 involve actions by state agencies and departments other than Commerce, and hence are not discussed here.

4. INCREASE MONTANANS' CAPACITY TO ACCOMMODATE MULTICULTURAL DIVERSITY;

Strategy 1. PROMOTE MINORITY BUSINESS DEVELOPMENT PROGRAMS AND PROCUREMENT OPPORTUNITIES FOR STATE CONTRACTS.

1. Place greater emphasis on training and marketing efforts to promote the Bureau of Indian Affairs (BIA) Financial Assistance Programs, including the:
   - Indian Revolving Loan Fund;
   - Loan Guaranty Fund; and,
   - Indian Business Development Grant Fund.

2. The Department could establish a Fastrack Loan Guarantee Program modeled after that used by South Dakota to encourage minority high school students to become entrepreneurs. The program encourages high school students in grades 9 through 12 to participate in the program by 1) developing an idea for a small business; 2) preparing and fine tuning a business plan with assistance from local advisors; 3) completing a Fastrack Loan Application; 4) meeting with a local bank to apply for a loan; and 5) submitting the final business plan for consideration of a Fastrack loan guarantee. Loans secured through local banks would be guaranteed through the Fastrack Program. Guarantees of up to 80 percent or a maximum amount of $2,000 on a bank loan would be provided to a high school student starting a business.

3. Review the menu of State Programs for Minority Business Development provided as an appendix item by the National Association of State Development Agencies which would

complement existing minority development programs and enhance business development opportunities for minorities and women-owned businesses in Montana..

Strategy 2. THE MONTANA DEPARTMENT OF COMMERCE CAN WORK WITH THE GOVERNOR'S COORDINATOR OF INDIAN AFFAIRS TO SUPPORT SPECIFIC POLICIES DESIGNED TO ELIMINATE ACHIEVEMENT GAPS EXISTING BETWEEN MINORITY AND NON-MINORITY STUDENTS.

Tactics:

1. Various methods and alternatives could be explored to increase the level of minority enrollment in science, math engineering and technology disciplines. (Similarly, gaps between male and female students merit attention.)

2. Efforts to recruit talented minorities into teaching professions needs to be actively supported and promoted.

3. The Department can support linkage efforts with the Department of Education to ensure that all teachers are trained and are able to demonstrate appreciation for ethnic, gender and racial differences and needs, as well as the importance of communicating high expectations to all students.

GOAL IV: MAINTAIN A HIGH QUALITY EDUCATION SYSTEM.

1. **IMPROVE LINKAGES BETWEEN EDUCATIONAL PROVIDERS AND EMPLOYERS' NEEDS.**

Strategy 1. TO GET CRITICAL MASS NECESSARY TO SUPPORT THE WORLD CLASS ENVIRONMENTAL LABORATORY AND ENVIRONMENTAL MANAGEMENT RESEARCH INSTITUTE, HAVE ALL EDUCATIONAL SYSTEM PROVIDERS COME TOGETHER TO COORDINATE EFFORTS.

Discussion:

The Department of Commerce can collaborate with the Montana Department of Labor and Industry to take the lead role in **arranging and organizing job training resources.** Together, these agencies can bring together and unite available federal, state and local training resources and providers. The Montana Department of Commerce can not only identify and classify the available resources, but also act as a link between other federal, state and local incentives, training locations and facilities, and program personnel.

To remain competitive, the Department may want to consider **periodically surveying and re-evaluating the methods** it uses to deliver services. The agency can look for

opportunities to implement ways of delivering services that are best for the particular locality or area, matching what is the most effective process for the specific community's needs. For example, one midwestern state offered all of its services from the capital city until it discovered that a regionalized approach met with greater success in meeting the needs of rural residents.

Methods that have met with success and beneficial results in other states include:

- Using public private partnerships with utility companies and locally based financial institutions to implement business retention and expansion programs;

- Contracting with agencies and private-sector companies to undertake specific roles or actions which are more appropriate to be undertaken at the local community level, i.e. operation of customized job training courses through contracts with the local community college;

- New or creative ways to provide financing including linked deposit programs, loan guarantees, and rebates of specific development costs;

- Enterprising and inventive public-private partnerships that capitalize upon local initiative and leadership while tapping public-sector continuity, stability and commitment.

Tactics:

1. Create a statewide business/education coalition (similar to the model proposed by the Commonwealth of Pennsylvania[2]) using organizational support through the Department and linked with the state's Department of Education.

The Department could join with existing public-private partnerships such as Leadership for Education on Economic Development (LEED) in facilitating the creation of a statewide business/education coalition. The coalition would have three primary functions:

1) Serve as a statewide network and clearinghouse for information and ideas relating to business/education partnerships;
2) offer technical assistance, training and information on ways to assist local partnership actions;
3) serve as a non-partisan point of expertise and advocacy on issues of education reform and improvement of education quality in relationship to business issues.

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[2] "A State Prepared: Developing Pennsylvania's Work Force," A report by the Pennsylvania Economic Development Partnership, Dr. Peter Likens, Chairman, April 1991.

Such a coalition, comprised of representatives from business, government, and the educational community could help assure that resources and regulations of state government are coordinated to support the development and successful actions of local partnerships.

A first action of the coalition might be to identify how existing state resources can reward and provide incentives for successful local projects. A conference convened under the leadership of the Governor and the Montana Department of Commerce could bring together representatives of business, education, labor and government to share information about viable business/education partnership opportunities and to set an agenda for the statewide coalition.

2. Establish and expand local school/business partnerships in conjunction with the state business/education coalition (similar to the model proposed by the Commonwealth of Pennsylvania[3]).

Local business and educational partnerships can be formed among primary, secondary, vocational and post-secondary schools to train students on-site about Montana's industry and service sectors. By design, these partnerships would be locally based, focus upon building a system of youth development and work readiness, and concentrate on the "forgotten half." Partnerships would engage a comprehensive team of individuals involved in youth development, including business, basic and post-secondary education, community-based organizations, labor unions and families and draw upon public/private sources of support and funding.

Each partnership would be governed by a local partnership agreement which explicitly states the roles, commitments and contributions of all members. Agreements among local businesses and schools is a basic goal of this type of partnership; however other models could involve organized labor, community service agencies, colleges and universities, families and others involved in the development of educational, social and citizenship qualities. Successful models will directly involve business in assisting schools, ranging from projects involving "loaned executives" with experience in relevant fields, to bringing students and teachers into the work site for hands-on field experiences and internships or acting as "mentors" for students. The agreement would also require that participating businesses, community organizations and institutions of higher education learn more about the specific schools' and students' needs and work to assist and support them.

The agreement would establish a process for helping businesses communicate their training needs to the schools. The agreement would seek to promote greater coordination between secondary education and the institutions which offer follow-on learning experiences (adult

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[3] "A State Prepared: Developing Pennsylvania's Work Force," A report by the Pennsylvania Economic Development Partnership, Dr. Peter Likens, Chairman, April 1991.

education, vocational education, technical training, higher education, etc.) and address ways to promote family involvement in schools.

Schoolworks

The prototype for these business education partnerships was a privately sponsored demonstration project in Pennsylvania entitled "Schoolworks." In 1989 a team of innovative educators, parents, businesses, and social service agencies in Allentown, PA, conceived "Schoolworks", a locally supported program designed to bring work-based learning to the primary and secondary classrooms. The program involved participation by local employers, school teachers, social service providers and local government officials and the Chamber of Commerce. The program development team took great care to articulate the expectations it had for participation by each organization. In addition to classroom visits to explain the "process or nature" of the business, each participating firm took responsibility for teaching one or two students about their industry. This involved tours of the facility, interviews with key employees and direct involvement by the students for four to eight hours each week -- actually working as volunteers on-site at the business.

At inception, the team determined the financial considerations, such as the amount of cash dollars to be provided by each sponsoring organization; the program's annual budget; the projected expenses required to maintain the program; and, potential funding providers. Program designers also calculated the direct and indirect participation costs to both the schools and the participating firms.

The team decided upon the organizational aspects of the program, including: the number of support staff needed; the process for program administration, marketing and promotional events; cooperative agreements; OSHA and insurance considerations required by local schools and participating businesses; and policies governing participation, attendance and discipline. The team used focus group meetings with participating firms to understand their concerns and organizational requirements.

The group agreed upon the physical requirements, including office space for program administration, transportation of students to and from work sites, and amount of school time to be spent by teachers in the training and facilitation of the program. Together, the development team and the participating businesses decided upon the human capital factors, such as the number of volunteers needed to support marketing, fundraising and program implementation; the level of staff support needed from the participating firms; and the training program required to make sure all participating firms understood and complied with the participation requirements and operating procedures and policies.

The marketing materials and application concisely presented all of the eligibility criteria and decisions about the financial, organizational, physical and human capital requirements. From the outset, the program designers sought to educate and advise parents, business CEOs, public officials and teachers about the requirements for participation, the eligibility requirements and the benefits anticipated to result from the program. By its second year of operation, this program had fifty Schoolworks matches.

3. Link Department efforts with other state agencies to promote a focus upon human capital as the state's critical competitiveness advantage in a global economy. While capital and technology can quickly move around the globe, labor is relatively immobile. Together, the linkage between agencies could consider developing a state human capital investment strategy that spans from neonatal care to life-long learning. Actions could focus upon the critical school-to-work transition issues. The state may consider establishing a statewide youth apprenticeship program such as that adopted in Oregon.

4. Develop closer relationships between vocational-technical schools, community college system and the Montana private and Native American colleges and the business communities that they serve, as well as with Montana's state system of higher education to improve the connection between centers providing occupational training and economic development organizations which focus upon employing technically trained and/or vocationally educated students.

a. Encourage Montana's Department of Labor and state employment services offices to more systematically provide vocational and technical schools with labor market data which can be used to develop course offerings more responsive to Montana's economic and employment needs.

b. Involve business leaders in coordinated leadership, planning and management efforts for vocational and technical education programs, including course selection, curriculum development, program evaluation and equipment acquisition.

c. Encourage vocational and technical schools, secondary schools and others to work towards changing attitudes toward vocational and technical education within the student base. Greater emphasis upon trade occupations and technical skills needs to be encouraged in classroom discussions, counseling, recruitment and promotion actions and "community open house" and tours of vocational and technical education facilities.

2. IMPROVE THE QUALITY AND COST EFFECTIVENESS OF THE EDUCATION SYSTEM.

Note: No strategies/tactics here as these goals pertain to state agencies other than the Department of Commerce.

3. REDUCE THE OUTMIGRATION OF EDUCATED YOUNG PEOPLE.

Strategy 1. ESTABLISH A SYSTEM OF AWARDS AND RECOGNITION TO GRADUATES OF MONTANA'S UNIVERSITY, VOCATIONAL AND TECHNICAL EDUCATION INSTITUTIONS TO ENCOURAGE THEIR BECOMING MONTANA BUSINESS OWNERS.

Discussion:

The Montana Department of Commerce could offer challenge grants, recognition or cash awards for the best business plan to start or relocate a business in Montana. The plan must be presented by a graduate of Montana's post-secondary educational system. The size of the cash award would be of sufficient size (between $10,000 and $40,000, as examples) to enable the prospective entrepreneur to seed actual business implementation efforts (planning, consulting, marketing, equity contribution, equipment purchases, etc.). An alternative award option could involve a phased approach, with the first $10,000 award being directed for planning or other business "start-up purposes" and the follow-on funds being used to assist in the financing for business implementation.

A panel of judges drawn from Montana's business executives (comprised of CEOs and successful entrepreneurs) would make the awards. Analysis of candidate business plans

could be conducted using "loaned executives" from Montana's business and professional sector, potentially identified through an organization like the Ambassadors.

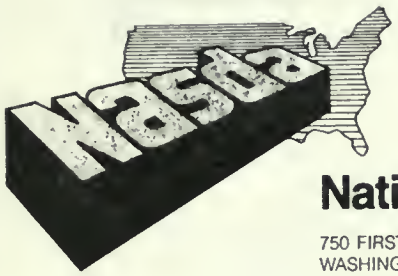
4. INCREASE THE PERCENTAGE OF HIGH SCHOOL GRADUATES.

Note: No strategies/tactics here as these goals pertain to state agencies other than the Department of Commerce.

CONCLUSION

The Montana Department of Commerce is uniquely positioned to assist the citizens of Montana and legislative policymakers to realize their vision for the future. By adopting the suggested recommendations and actions described in this Plan for Progress, Montana can ensure that it is "the last best place" which is economically, environmentally and socially rich with room for each citizen to live their individual dreams.

APPENDIX



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STATE PROGRAMS FOR MINORITY BUSINESS DEVELOPMENT

excerpts from

The National Association of State Development Agencies'

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DIRECTORY OF INCENTIVES FOR BUSINESS INVESTMENT AND DEVELOPMENT IN THE UNITED STATES

A STATE-BY-STATE GUIDE

3rd Edition

National Association of State Development Agencies

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Comprehensive Business Assistance Fund

The Comprehensive Business Assistance Fund is administered by the CDA to assist target businesses, impacted businesses, water facilities, and small contractors or minority business enterprises.

Businesses which are located in state enterprise zones that have gross sales of less than $3 million for the previous fiscal year are target businesses. They can receive loans up to $250,000 for real property, machinery and equipment, or working capital for maximum terms of 20 years, 10 years and 7 years, respectively.

Businesses which are adversely affected by a natural or economic disaster are impacted businesses. They are eligible for loans up to $500,000 (in special cases, up to $1 million) for terms not exceeding 20 years for real property, 10 years for machinery and equipment, and 7 years for working capital.

Municipally or investor-owned water companies can receive loans up to $250,000 for 20 years on real property and 10 years on machinery and equipment.

Small contractors or minority business enterprises with gross sales of less than $3 million in the prior year are eligible for loans up to $250,000 to cover the cost of labor and material related to specific contracts for construction or manufacturing of a product or provision of a service.

Eligibility

Target businesses are eligible if they are for-profit and located in a state enterprise zone.

Impacted businesses are eligible if the Commissioner of the Department of Economic Development, in conjunction with the Secretary of the Office of Policy and Management, declare that the economic or natural disaster has materially affected the citizens of the impacted area in which the business is located.

Water facilities are eligible for financing to repair dams or to comply with the Federal Safe Drinking Water Act of 1974 or by order of the state Department of Health Services to improve or create water services to a particular area.

Small contractors and minority business enterprises are eligible if they have been in business in the state for at least 1 year. In addition, minority business enterprises must demonstrate that 51% of the business is owned and actively operated by minorities or women.

Contact

Business Development
Connecticut Development Authority
217 Washington Street
Hartford, Connecticut 06106
(203) 522-3730

Black Business Assistance

The Florida Black Business Investment Board (BBIB) is a 7-member board of trustees, appointed by the governor of the state of Florida, with fiduciary responsibility for administration of a $5 million "Investment Incentive Trust Fund." The Legislative Mandate of the Board is to use the resources of the fund to create programs that foster the development and expansion of black business enterprises.

The first phase of the board's efforts was focused on the formation of 6 Black Business Investment Corporations (BBICs). These BBICs are community-based organizations, strategically placed in the major metropolitan areas of the state, and by law are created and controlled by financial institutions such as banks, insurance companies, credit unions, savings and loans, and foundations, thus establishing a linkage between black businesses and traditional financial institutions.

The BBICs are capitalized with a minimum of $500,000 in common equity from local financial institutions, and match funded up to $1 million from the Investment Incentive Trust Fund.

BBICs are encouraged not to function as "lender of last resort." Further, they are encouraged not to establish umbilical relationships between themselves and black businesses, but to foster relationships between black businesses and banks. Reasonable assurance must be provided to demonstrate that any black business person using the proceeds of the fund possesses the business acumen needed to be successful in the venture being financed. Where the acumen does not exist, the BBIC's job is to identify the appropriate entrepreneurial training.

Expanded programs and activities now include a Franchise Technical Assistance and Finance Program, real estate development projects, and creation of an entity that addresses the special credit and technical assistance needs of black contractors and black vendors looking to do business with the state of Florida.

Eligibility To have access to the fund, a black business must be at least 51% owned and controlled by 1 or more black residents of the state of Florida. Applications should be submitted to local BBICs.

Volume As of March 1989, total loans disbursed were $2,029,000 creating 225 jobs.

Application Applications for credit are made directly with the local BBIC. For information on the assistance available from these corporations and other minority assistance programs, contact the Florida Black Business Investment Board.

Contact

Director
Black Business Investment Board
519 East Park Avenue
Tallahassee, Florida 32301
(904) 487-4850

Build Illinois Minority and Women Business Loan Program

The Illinois Minority and Women Business Loan Program, administered by the Illinois Department of Commerce and Community Affairs (DCCA), provides direct financing to small businesses at a below-market interest rate in cooperation with private sector lenders. The purpose of the program is to help minority and women-owned businesses create or retain jobs.

Through this program, DCCA can provide long-term, fixed-rate, low-interest loans to small businesses. Loans range from $5,000 to $50,000, up to a maximum of 50% of the total project cost. A minimum of 1 job must be created or retained for each $6,000 of DCCA investment.

Money can be used for:

Lease or purchase of land and buildings

Construction or renovation of fixed assets

Purchase and installation of machinery and equipment

Working capital

DCCA funds cannot be used for debt refinancing or contingency funding.

Eligibility Any eligible, for-profit minority or women-owned business operating in the state of Illinois may make an application for financial assistance under this program. To be eligible, a business concern must be at least 51% owned and operated by 1 or more women/minority persons. Minority shall mean a person who is a citizen or lawful permanent resident of the United States and who is Black, Hispanic, Asian American, American Indian, or Alaskan Native.

Volume Funding of $362,460 was provided to 10 companies in fiscal year 1988.

Application The Department of Commerce and Community Affairs administers the program.

Contact

Illinois Department of Commerce and Community Affairs
Small Business Assistance Bureau
620 East Adams Street
Springfield, Illinois 62701
(217) 785-2708

Enterprise Zones

Enterprise zones are a comprehensive economic development tool developed to meet the individual needs of businesses and residents in Indiana's highly distressed areas. The enterprise zone program provides a base of tax and financial incentives, a local managing entity, and a mechanism to assist that entity in raising funds for economic and community development projects.

Incentives offered to qualified businesses include:

5% tax credit on interest from loans to firms in the zone for any business purpose or to individuals for property improvement

10% tax credit on employer income tax on employee wages

Property tax credits

Employee tax deduction

Low-interest loans to Small Business Investment Companies (SBICs), Minority Enterprise SBICs (MESBICs), and Corporation for Innovation Development (CID) for investments in zone businesses

Tax increment financing

Priority for neighborhood assistance funds

Equity investment tax credit of up to 30% of stock purchase

Eligibility Any type of business is eligible.

Volume There are 12 zones that have been designated. The State Enterprise Zone Board can authorize 2 new zones per year. Under the program, 307 new businesses have been created or located in the zones; 210 businesses have expanded; 12,751 new jobs have been created; 5,105 jobs have been retained; and over $450 million worth of investments have taken place.

Application Businesses do not have to apply. Areas are designated, and businesses in those areas submit schedules with their tax forms to receive the credits.

Contact

Rob Hedding
Enterprise Zone Director
Indiana Department of Commerce
One North Capitol, Suite 700
Indianapolis, Indiana 46204
(317) 232-8786

Targeted Small Business Financial Assistance Program

The Targeted Small Business Financial Assistance Program was created by the legislature in 1988. The purpose of the program is to assist in the creation and expansion of minority and women-owned businesses in Iowa. The program is funded through lottery funds and paybacks of loans.

The program provides loans, loan subsidies, loan guarantees, or equity substitution grants for eligible small businesses. The maximum grant or loan for any one business is $25,000. The maximum loan guarantee is $40,000.

Eligibility Eligible applicants are businesses with a majority ownership by women or minority interests. Businesses must meet the definition of "small business" as established by the U.S. Small Business Administration, and must be certified as a "targeted small business" by the Iowa Department of Inspection and Appeals.

Volume The program has awarded approximately $300,000 to date.

Application Application is made to the Department of Economic Development. Applications are accepted at any time and are awarded on a competitive basis as funds allow.

Contact

Bureau of Business Grants and Loans
Division of Financial Assistance
Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309
(515) 281-3585

Minority and Women's Business Development Program

The Louisiana Economic Development Corporation (LEDC), established during the 1988 legislature, provides loan assistance to businesses operated by socially or economically disadvantaged persons who are unable to obtain such assistance from traditional sources. Loans may be made directly by the corporation. Loans made by LEDC cannot exceed 90% of property secured by a first mortgage or 50% of property secured by a second mortgage up to $250,000.

The term of the loan cannot exceed 5 years, although a renewal or extension can be considered in certain circumstances, not to exceed 15 years. Interest rates are fixed by the corporation on all direct loans. The rate shall be determined by averaging the rates charged by the Small Business Administration (SBA) for the current quarter and the 3 immediately preceding quarters. All balloon notes will be renewed at the prevailing interest rate at the time of renewal.

Security for the loan may include, but is not limited to, mortgages on real or personal property, equipment, accounts receivable, inventory, and assignment of contracts. LEDC will consider minimum collateral of 120% of the loan amount requested.

Additionally, LEDC will not make a loan with the principal purpose of refinancing existing debt.

Eligibility To be eligible for a direct loan, a business must:

Be domiciled in Louisiana

Be owned and controlled by socially or disadvantaged persons

Show that the desired credit is not reasonably available from other sources

Be creditworthy and provide reasonable security to assure payment

Present evidence that the enterprise will succeed

Demonstrate capable enterprise ownership responsibilities

Volume In fiscal 1989, funding for the program was $293,000.

Application A detailed, comprehensive business plan and loan request, accompanied by at least 2 bank rejection letters for the exact loan proposal, are required to provide sufficient information for LEDC to determine the soundness of the proposal. Provided the business plan is accepted, a formal application must then be completed. Any applicant who is turned down by LEDC is given written notification of the reasons and may reapply within 90 days.

LEDC is required to hold a public hearing on each approved application.

Contact

Michael Williams
Interim Executive Director
Louisiana Economic Development Corporation
State of Louisiana Department of Economic Development
P.O. Box 94185
Baton Rouge, Louisiana 70804–9185
(504) 342-5675

Minority and Women's Business Development Program

In addition to direct loans, the Louisiana Economic Development Corporation (LEDC) provides guarantees to encourage loans to businesses by private lending institutions. The corporation may guarantee up to 90% of a loan made by a bank or financial institution to an eligible minority or women-owned enterprise up to $250,000. The guarantee agreement sets forth terms and conditions of the guarantee and repayment schedule. Guidelines for determining the interest rates and terms of the guaranteed loans vary with the market and the financial institution policy.

The LEDC cannot guarantee a sum in excess of 90% of the value of the security offered as first mortgage and not in excess of 50% of value of the security offered as second mortgage.

All other conditions and requirements for the guarantees are the same as for the direct loan program. (See "Direct State Loans" section.)

Eligibility Eligibility requirements are the same as those for the direct loan program.

Volume In fiscal 1989, total funding for loan guarantees was $340,000.

Application Applicant must submit a detailed, comprehensive business plan and loan request, accompanied by a letter stating the name of the bank and the banker interested in the request. The applicant is required to provide sufficient information for the LEDC to determine the soundness of the proposal. Provided the business plan is accepted and the bank is willing to render a credit decision, a formal application must then be completed. Any applicant who is turned down by LEDC is given written notification of the reasons and may reapply within 90 days. The LEDC is required to hold a public hearing on each approved application.

Contact

Michael Williams
Interim Executive Director
Louisiana Economic Development Corporation
State of Louisiana Department of Economic Development
P.O. Box 94185
Baton Rouge, Louisiana 70804–9185
(504) 342-5675

Small Business Equity Program

The Louisiana Economic Development Corporation (LEDC) provides for loan guarantees with a financial institution for Louisiana small businesses. This guarantee is a guarantee of loss to the financial institution. Preference is given to growth concerns as defined by the corporation. The maximum guarantee is 75% of the loan amount up to $2 million. The term can be for no less than 5 years or greater than 30 years.

Acceptable collateral may include, but may not be restricted to, fixed assets, machinery, equipment, and working capital lines of credit at a ratio of not less than $1 of collateral for every $1 of loan.

Eligibility Eligible businesses include:

Small business concerns as defined by SBA for the purpose of size eligibility as set forth by 13 CFR 121

Small business growth concerns which fall in the specific Standard Industrial Codes, as provided by the corporation

Priority will be given to, but not restricted to, businesses owned and operated by disadvantaged individuals in high unemployment areas, as defined by the Louisiana Department of Labor

Volume In fiscal 1989, total funding for loan guarantees under this program was $1,472,500.

Application Applicant must submit a detailed, comprehensive business plan and loan request, accompanied by a letter stating the name of the bank and the banker interested in the request. The applicant is required to provide sufficient information for the LEDC to determine the soundness of the proposal. Provided the business plan is accepted and the bank is willing to render a credit decision, a formal application must then be completed.

Any applicant who is turned down by LEDC is given written notification of the reasons. The LEDC is required to hold a public hearing on each approved application.

Contact

Michael Williams
Interim Executive Director
Louisiana Economic Development Corporation
State of Louisiana Department of Economic Development
P.O. Box 94185
Baton Rouge, Louisiana 70804–9185
(504) 342-5675

Small Business Equity Loan Participation

The Louisiana Economic Development Corporation (LEDC) provides for loan participation with a financial institution for Louisiana small businesses. Preference is given to growth concerns as defined by the corporation. The maximum participation is 40% of the loan amount up to $2 million. The term can be for no less than 5 years or greater than 30 years.

Acceptable collateral may include, but may not be restricted to, fixed assets, real estate, buildings, fixtures, machinery, and equipment at a ratio of not less than $1 of collateral for every $1 of loan.

Eligibility Eligible businesses include:

Small business concerns as defined by SBA for the purpose of size eligibility as set forth by 13 CFR 121

Small business growth concerns which fall in the specific Standard Industrial Codes, as provided by the corporation

Priority will be given to, but not restricted to, businesses owned and operated by disadvantaged individuals in high unemployment areas, as defined by the Louisiana Department of Labor

Volume In fiscal 1989, total funding for loan participation under this program was $460,000.

Application Applicant must submit a detailed, comprehensive business plan and loan request, accompanied by a letter stating the name of the bank and the banker interested in the request. The applicant is required to provide sufficient information for the LEDC to determine the soundness of the proposal. Provided the business plan is accepted and the bank is willing to render a credit decision, a formal application must then be completed. Any applicant who is turned down by LEDC is given written notification of the reasons. The LEDC is required to hold a public hearing on each approved application.

Contact

Michael Williams
Interim Executive Director
Louisiana Economic Development Corporation
State of Louisiana Department of Economic Development
P.O. Box 94185
Baton Rouge, Louisiana 70804–9185
(504) 342-5675

Maryland Small Business Development Financing Authority

Through its Contract Financing Fund, the Maryland Small Business Development Financing Authority (MSBDFA) provides direct loans and loan guarantees to socially or economically disadvantaged businesspersons to be used as working capital to complete projects under federal, state, or local governments or public utilities. This program is designed to encourage disadvantaged businesspersons to seek government or public utility contracts.

The proceeds are generally restricted for use as working capital. The funds may also be used for the purchase of equipment (provided the entire cost can be recovered from contract proceeds). The size of the loan is generally determined by the amount of up-front costs relative to the contract being financed.

Financing in either form is limited to $250,000 and must be repaid during the term of the contract. Interest charged on direct loans is usually the prevailing prime rate at the time the loan is approved. Guarantees on loans made by a financial institution cover up to 90% of both principal and interest. The maximum interest rate charged on guaranteed loans is prime plus 2%.

Eligibility To be eligible a firm must actively conduct business in the federal, state, or local government or public utility contracting market and have its principal place of business in Maryland. The applicant may be a corporation, partnership, or sole proprietorship.

At least 70% of the business must also be owned by socially or economically disadvantaged persons. Applicant firms, in addition to demonstrating a reputation for financial responsibility, must show that they have been unable to obtain financing through normal lending channels at a reasonable cost because the applicant:

Belongs to a group historically deprived of access to normal financial resources;

Has an identifiable physical handicap; or

Has been denied access to financial assistance because of a lack of formal education or other social or economic impediment.

Volume In fiscal 1989, the authority financed 9 projects totaling $1,187,641.

Application Upon request, a contract financing information packet will be provided to qualified applicants. The packet will include an application, suggestions for developing a business plan, and other information considered helpful to small expanding businesses. It will also include a list of the state's small business development centers. These centers have been established to assist small businesses in developing business plans and loan proposals.

When the application, business plan, contract information, and other required materials have been compiled and organized to form a complete loan package, proceed as follows:

In the case of a direct loan: Submit the complete loan package to MSBDFA along with a letter from a financial institution declining the same request.

In the case of a loan guarantee:

Submit the package to a bank or other qualified financial institution (i.e., financing or leasing company).

The institution will review the package to determine if it is interested in funding

the project. If it is not interested, ask if additional consideration might be given in the event the state would be willing to provide a guarantee.

If the institution is willing to participate, it will send a commitment letter and the complete loan package to MSBDFA requesting a guarantee.

After receiving the loan package, MSBDFA's staff will respond within 2 weeks with an indication of whether the package is in good form and meets program criteria.

The evaluation process generally requires approximately 2 months. The MSBDFA staff presents each qualified project to the authority board for final approval.

Contact

Stanley Tucker
Executive Director
Maryland Small Business Development
Financing Authority (MSBDFA)
217 E. Redwood Street, 22nd Floor
Baltimore, Maryland 21202
(301) 333-4270

Maryland Small Business Development Financing Authority/Equity Participation Investment Program

The Equity Participation Investment Program (EPIP) provides equity investments, loans, and loan guarantees for the acquisition of a franchise or an existing profitable business. This is accomplished through the purchase of qualified securities through royalty payments and subordinated debt.

The purpose of the EPIP is to encourage and aid in the creation, development, expansion, and retention of businesses owned by "socially and economically disadvantaged" persons residing in Maryland.

Assistance from the EPIP is limited to 45% of the total franchise cost or $100,000, whichever is less. In situations involving the acquisition of an existing profitable business, the EPIP participation is limited to $500,000 and may not exceed 25% of the total project costs. Applicants needing a higher level of funding must seek financing from other sources, including private lending institutions, individual lenders, investors, and public financing programs. The EPIP will work closely with other sources to leverage its funds. The EPIP seeks to complement, not replace, other sources of funding, especially those funding for construction and real estate. The principals must provide a minimum equity investment of 10% in franchise opportunities and a minimum investment of 25% for the acquisition of a business.

Eligibility Eligibility is open to any socially or economically disadvantaged person. By definition, socially or economically disadvantaged includes women, minorities, and physically handicapped persons.

Application The investment process formally begins with the submission of a business plan. The business plan must be concise and well organized. An example of an acceptable business plan format will be provided. Within 2 weeks of receiving a business plan, staff of the EPIP will provide an indication of the initial level of interest. If interest is high, a detailed evaluation will follow involving meetings with management and/or franchisors, and site visits.

After the evaluation is complete and satisfactory, EPIP staff will present investment opportunities to the board of the Maryland Small Business Development Financing Authority for review and final approval. Generally the application process takes 2 months.

Contact

Stanley Tucker
Executive Director
Maryland Small Business Development
Financing Authority (MSBDFA)
217 E. Redwood Street, 22nd Floor
Baltimore, Maryland 21202
(301) 333-4270

Indian Business Loan Program

The Indian Business Loan program provides Minnesota-based Indians with the opportunity to establish or expand a business enterprise in Minnesota and provides the resources for management and/or technical assistance.

Funds for the program come from the $.25 an acre taxation of severed mineral interests held by individuals, corporations, or organizations in Minnesota. Twenty percent of that amount, or $.05 per acre, is deposited with the state treasurer's office by December 15th of each year and goes into a special revolving loan fund designated as the Indian Business Loan Account. The funds are administered by the Indian Affairs Council.

Most reservations will fund up to 25% of the total project cost and applicants must have 5% or more equity to insert into the project, depending upon the criteria established by the tribal council where the applicant is enrolled.

The interest charged is 2% and repayment is determined by an assessment of the cash flow and the ability to repay the loan.

Eligibility Eligibility is limited to enrolled members of Minnesota-based bands or tribes (Mn. Chippewa, Red Lake, or the Sioux communities) and must be ¼ or more Indian. The business venture must be wholly owned by Minnesota-based Indians; if a partnership, all the partners must be ¼ or more Indian and be enrolled in a Minnesota-based band or tribe; the same rules apply to a corporation. A portion of the funds allocated to each reservation under this program are reserved for businesses located off the reservation; each tribal council makes the decision on how much of their available funds will be set aside for this purpose.

Volume In calendar 1989, 7 loans totaling about $70,000 were approved and disbursed.

Application The loan application is submitted to the Indian Affairs Council for review of necessary documentation, and if all information is present, the application is forwarded to the appropriate tribal council for analysis and a determination on approval or rejection.

Contact

Indian Affairs Council
127 University Avenue
St. Paul, Minnesota 55155
(612) 296-3611

Regional Economic Development Partnership Program

The Regional Economic Development Partnership Program (REDPP), administered by the NYS Urban Development Corporation (UDC), provides funding to create private sector jobs, foster economic vitality statewide, and augment economic development capacity at the regional level. The program provides low-cost loans and grants for a variety of projects including business development projects, business infrastructure projects, economic development assistance projects, and tourism projects.

Loans are limited to ⅓ of the project cost or $500,000, whichever is less. Grants are available for feasibility studies, capped at $40,000.

REDPP is a unique program, initiated by the governor, which involves local public participation in establishing the priorities for development of each of the state's regions. The governor appoints a regional council for each of the 10 economic development regions.

The council receives proposals for financial assistance, considers them for consistency with the regional plan, and prioritizes them.

Eligibility Eligible projects are those that involve either distressed areas, minority and women-owned businesses, productivity improvement, communities dependent on a single industry, dislocated workers, public assistance recipients, or long-term unemployed persons. Eligible projects must not be financially feasible without REDPP participation. Other funding commitments must be in place.

Volume In fiscal 1988, the REDPP finished its third year of operation. Since fiscal 1986, the REDPP has approved nearly $25 million in loans and grants to projects in all 10 economic development regions. In fiscal 1988, action was taken involving UDC financial assistance totaling more than $8.4 million and leveraging almost $32 million in public and private investments.

The REDPP's scope was broadened in fiscal 1988, to enable it to provide tourism assistance; in 1988, 10 tourism-related projects were funded aggregating $1,199,576.

Application After the regional council reviews and prioritizes the projects, proposals are forwarded to UDC where the projects are reviewed further for feasibility and decisions are made on funding.

Contact

Senior Vice President for Economic Development
New York State Urban Development Corporation
1515 Broadway
New York, New York 10036
(212) 930-0293

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Contact

Senior Vice President for Economic Development
New York State Urban Development Corporation
1515 Broadway
New York, New York 10036
(212) 930-0293

Minority and Women Revolving Loan Fund

The Minority and Women Revolving Loan Fund (MRLF) was created in 1986 and provides flexible, low-cost financing for minority and women-owned business enterprises, including proprietorships, partnerships, and for-profit corporations, authorized to do business in New York State. The MRLF provides business development loans, government contractor loans, franchise loans, entrepreneurial assistance loans, linked deposit loans, and loan guarantees.

Loans generally range from $20,000 to $500,000, not to exceed 60% of total project cost, with flexible terms and security arrangements, depending on the type of loan and project characteristics. Loan requests should also not exceed a figure of $20,000 per job created or retained. In addition, applicants must provide a 10% equity contribution.

Eligibility Eligible businesses include industrial, commercial, service-oriented, and start-up businesses; retail businesses are evaluated case-by-case. Housing development programs are not eligible.

Loan proceeds may be used for:

- Construction, renovation, and leasehold improvements
- Acquisition of land and buildings
- Acquisition of an ongoing business
- Establishment of a nationally recognized franchise outlet
- Acquisition of machinery and equipment
- Working capital, in conjunction with any of the uses above

Loan proceeds may not be used for speculative real estate or financial investments, refinancing of debt, or payment of tax or employee benefit arrearages.

Volume In fiscal 1988, the UDC approved 17 MRLF loans totaling more than $2.5 million to projects across the state. The MRLF loans have leveraged more than an additional public and private investment of $2.1 million.

Application Contact UDC for part 1 of the application. If the MRLF review committee thinks the project is eligible, it will send the applicant part 2 of the application. A project manager will be assigned to the project.

UDC's approval process generally takes 3 months due to New York State statutory requirements; however, UDC can give preliminary approval as soon as a completed application is received and all requested information has been favorably reviewed.

Contact

Director
Minority and Women Revolving Loan Fund
New York State Urban Development Corporation
1515 Broadway
New York, New York 10036
(212) 930-0452

Minority Development Financing Commission

The Minority Development Financing Commission helps finance minority construction business expansion by issuing construction bonds. Qualified firms may receive up to $1 million in bonds through state-issued performance bonds.

To qualify, a firm must have been rejected for bonding by at least 2 private surety companies.

Eligibility An eligible firm must be certified as a minority construction contractor by Ohio's Equal Opportunity Coordinator.

Volume As of March 30, 1989, 24 contractors and construction companies are enrolled in the bonding program with bond prequalification capacity of $10.77 million.

Application Interested companies should contact the Minority Development Financing Commission.

Contact

Al Rezkalla, Bond Officer
Minority Development Financing Commission
Ohio Department of Development
77 South High Street
Columbus, Ohio 43215
(614) 466-7708
1-800-282-1085 (in-state calls)
1-800-848-1300 (out-of-state calls)

Minority Development Financing Commission

The Minority Development Financing Commission promotes the establishment and expansion of minority business enterprises by providing state loans and bonds to qualified applicants. The 9-member commission meets once a month to review applications.

The direct loan program finances up to 40% of an eligible project belonging to a minority business. The maximum loan is $200,000. The borrower is responsible for financing the remaining 60% of the project. Loans are available for the purchase or improvement of fixed assets, such as land, buildings, equipment, and machinery.

Eligible businesses must be owned and controlled by minority owners for at least 1 year and be certified by Ohio's Equal Employment Opportunity Coordinator.

Eligibility To qualify for a loan, at least 51% of the business must be owned and controlled by a minority group or an individual who is a United States citizen, a resident of Ohio, and a member of an economically disadvantaged group.

Volume As of September 30, 1988, the Minority Development Financing Commission had approved 27 loans totaling $4,253,400.

Application Application should be made directly to the Minority Development Financing Commission.

Contact

Minority Development Financing Commission
Ohio Department of Development
77 South High Street
Columbus, Ohio 43215
(614) 462-8019
1-800-282-1085 (in-state calls)
1-800-848-1300 (out-of-state calls)

Oregon Business Development Fund

The Oregon Business Development Fund (OBDF) is a revolving loan fund administered by the Oregon Economic Development Commission, with the assistance of the Oregon Economic Development Department and its Finance Committee. The OBDF can provide loans to businesses for acquisition, construction, and operation of property, real or personal. The program is designed to provide leverage for private financing, with a maximum of 40% OBDF participation. Preferred projects include businesses with fewer than 50 employees, firms that are located in rural or lagging areas of the state, and projects that have a high ratio of employment to OBDF dollars invested. Maximum loan size is $250,000, with a maximum of $1.5 million per county. The term of the loan cannot exceed the useful life of the project or 25 years, whichever is less. The interest rate is 1 point below the current yield of U.S. Treasury securities of a comparable term. The commissioner's security interest may be subordinated to a senior lender; however, all loans must be secured by good and sufficient collateral.

Eligibility The following business activities are eligible for the OBDF:

Manufacturing or other industrial production

Agricultural development or food processing

Aquaculture development or food processing

Development or improved utilization of natural resources

Convention facilities and trade centers

Tourism facilities other than retail or food service businesses

Transportation or freight facilities

Other activities that represent new technology or types of economic enterprises that the Economic Development Commission determines are needed to diversify the economic base of an area but *not* including:

Construction of office buildings, including corporate headquarters

Retail businesses, shopping centers, or food service facilities

The applicant must demonstrate that the project is economically feasible, with a reasonable prospect of repayment. Working capital loans will be considered only if the participating private lender provides a term loan. The OBDF cannot supplant other sources of money for economic development.

The OBDF reserves 25% of its money for loans of $50,000 or less, and 15% of the money is reserved for loans to female- or minority-owned businesses.

Volume Through October 1988, 86 loans were made in 26 counties. A total of $7.6 million has been committed to loans ranging from $3,000 to $250,000.

Application Applications are submitted to the Oregon Economic Development Department and must be accompanied by a $100 application fee. The application must include project and financial information and a private lender commitment. The Finance Committee for the Oregon Economic Development Commission makes the final decision on all loan applicants.

Contact

Manager
Business Finance Section
Economic Development Department
595 Cottage Street, N.E.
Salem, Oregon 97310
(503) 373-1240

Pennsylvania Minority Business Development Authority

The Pennsylvania Minority Business Development Authority (PMBDA) was established in 1974 to assist in the growth and development opportunities of minority-owned businesses in Pennsylvania. It provides long-term, low-interest loans of up to $200,000 and equity investment guarantees to assist in the start-up or expansion of these firms. Financing can be utilized for a variety of business start-up expenses, including the purchase or rental of land and buildings, machinery, equipment, furnishings, fixtures, inventory, and leasehold improvements, and can also be used as working capital. A project must show that 1 job will be created or preserved for every $15,000 requested.

Loan terms may be up to 20 years at an interest rate that is half the prime rate at the time of board approval. PMBDA requires at least 25% participation by the owner and/or other lending sources, such as banks, venture capital companies, and other financial institutions.

In 1985, PMBDA implemented the Surety Bond Guarantee and Working Capital Loan Programs to guarantee up to 90% of bid and performance bonds needed by a minority business to obtain a contract with a state agency, and to provide short-term loans of up to $50,000 to minority contractors for working capital needed to perform on a state contract.

PMBDA also provides, through independent professionals located throughout the state, technical assistance in management, accounting, marketing, and financial planning to all loan recipients during the initial phases of their business development.

Eligibility Minority businesspersons in Pennsylvania who are economically disadvantaged and who are unable to obtain financing from traditional sources are eligible to obtain PMBDA financing. Blacks, Aleuts, Eskimos, Hispanics, and American Indians who are residents of Pennsylvania are eligible. Minority applicants must own at least 51% of the business; corporate borrowers must be at least 51% controlled by minority stockholders.

Volume In 1988, 75 loans and guarantees totaling $4,927,714 were approved.

Application Applications are available through the PMBDA regional offices.

Each application is examined by the PMBDA staff for completeness. The department's legal and financial offices review the application and make a recommendation based upon the feasibility of the project and the ability of the client to repay the loan. The application is then submitted to the PMBDA board for consideration and a decision. Applicants are notified by mail of the board's decision.

Contact

Headquarters/Central Region
Pennsylvania Department of Commerce
Pennsylvania Minority Business Development Authority
461 Forum Building
Harrisburg, Pennsylvania 17120
(717) 783-1127

Western Region
Pennsylvania Minority Business Development Authority
410 State Office Bldg.
300 Liberty Ave.
Pittsburgh, Pennsylvania 15222
(412) 565-5750

Eastern Region
Pennsylvania Minority Business Development Authority
1712 State Office Bldg.
1400 Spring Garden Street
Philadelphia, Pennsylvania 19130
(215) 560-3236

Linked Deposit Loan Program

The Linked Deposit Loan (LiDL) program, administered by the Wisconsin Housing and Economic Development Authority (WHEDA), is a reduced-rate loan fund for small, minority-owned businesses. Small businesses owned and controlled by women or minority group members which are involved in retail sales of goods or services; tourism; producing, packaging, processing, or distributing raw agricultural commodities; manufacturing, or the wholesale storage or distribution, of manufactured products; research and development; or recycling of solid waste are eligible to apply. Participants may obtain new loans with interest rates at least 1% below prime for the purchase or improvement of buildings, equipment, or land. Loan funds may not be used for working capital, inventory purchases, or acquisitions between family members.

Refinancing existing loans is possible only if the refinance is undertaken in conjunction with an expansion of the business or the creation of new jobs.

Eligibility To be eligible, businesses must:

Be at least 50% owned and more than 50% controlled by women or minority group members

Have gross annual sales of less than $500,000

Demonstrate that the project financed with LiDL will create jobs or prevent the loss of existing positions

Volume Since its inception in 1986, LiDL has assisted 160 businesses amounting to $6.8 million in commitments. Six hundred new jobs were created.

Application A borrower should apply to a private lender and, when the loan is approved, the borrower and lender jointly apply to WHEDA. The approval process usually takes from 3 to 6 weeks. When the application is approved, WHEDA places a deposit with the lender. There is a $50 nonrefundable application fee.

Contact

June Fargo
Program Manager
Wisconsin Housing and Economic Development Authority
P.O. Box 1728
Madison, Wisconsin 53701–1728
(608) 266-0191

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